FINANCIAL TIMES

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WORLD NEWS

Row over TV documentary spreads

Gibraltar's Attorney General banned local media from reporting on the killing there in March of three IRA members as controversy continued over Thursday's British screening of a TV documentary about the incident.

The Irish Government expressed concern that the suspects had been shot "when it appears from reports they could have been arrested," but Mrs Margaret Thatcher made clear her anger at the decision to broadcast the programme. Page 4

Report on English

Old-fashioned grammar lessons should not be brought back to classrooms, says the report of the 15-strong Kingman Commitee, published yesterday. Page 4

Polish protest grows

Labour unrest spread in Poland, with reports that 25 activists had been arrested. Back Page

Meeting on Angola

Officials from Angola, Cuba, South Africa and the US will meet in Britain next week to try to end the 13-year Angolan war. Back Page; Background, Page 2

Hawaii jet blast

A stewardess was missing and 60 people hurt when the roof of a Boeing 737 was ripped open soon after take-off from Hawaii on Thursday. The pilot landed safely and investigators are probing the cause of the blast.

Soviet drugs tip-off

UK customs investigators seized 3½ tonnes of cannabis from Afghanistan and five Britons were arrested after the first Anglo-Soviet drugs operation.

Thai election called

Thai Prime Minister Prem Tinsulanonda, who was to have faced a no-confidence vote in parliament next month, called a general election for July 24. Page3

Israelis raid Lebanon

Israeli troops raided villages in southern Lebanon yesterday, while in Athens, Greek police detained an Israeli suspected of trying to kill a Palestine Liberation Organisation official. Page2

Sri Lanka poll violence

Two people died and two were injured in violence during polling for seats on four new district councils. Page 3

Armenian TV

Soviet television launched Armenian language broadcasts to Nagorno-Karabakh, the Azerbaijani region where rioting broke out recently over demands to withdraw from Azerbaijan republic. Page 2

Athens killing condemned

Greece condemned Thursday's murder of Hagop Hagopian, identifying him as founder of an Armenian guerrilla group opposed to Turkey.

Cruickshank dies

Scottish-born actor Andrew Cruickshank, well-known as TV's Dr Cameron, died aged 80.

Big Red Mac

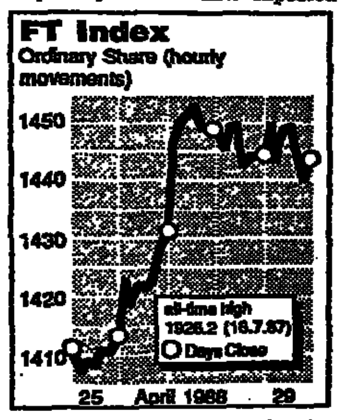
McDonald's first East Bloc restaurant opens in the Hungarian capital, Budapest, tonight. A "Big Mac" burger will cost 42 forints – about 47p.

BUSINESS SUMMARY

Trafalgar sues over purchase of Clyde yard

TRAFALGAR HOUSE, shipping and construction group, issued a writ for £186m against British Shipbuilders, alleging it was misled over the prospects of the Scott Lithgow yard on the Lower Clyde, which it bought in 1984. Back Page

THE UK equity market recovered from interest rate nervousness, helped by better than expected



UK trade figures for March. The FT Ordinary Index ended 0.8 lower at 1,443.9. Market report, Page 12

JAGUAR CARS shunned UK industry and signed a £14m body tooling order with Chausson, a French engineering consultancy group. Jaguar said it had found it impossible to meet its requirements in the UK. Page 4

OIL PRICES fell after Opec talks in Vienna failed to produce an agreement to match cuts in exports offered earlier by six non-Opec members. Back Page

BRYAN GOULD, Labour Trade and Industry spokesman, called for British Telecom to be referred to the Monopolies and Mergers Commission. Page 3

BRITISH ECONOMY: a 2.9 per cent growth is forecast by the Treasury this year. Page 3

NORSK HYDRO, Norway's largest quoted company, is set to make an international rights issue to raise about $400m (£212.8m), the biggest cash call ever from a Scandinavian group. Lex, Back Page

SWEDEN reached a two-year pay deal for its white-collar workers in the public services, representing an important break in the 40-year-old centralised bargaining system. Page 2

PIRELLI, Italian tyre and cables group, is to invest a further £100m in its UK subsidiaries over the next five years. Page 4

AVELING BARFORD, Lincolnshire earth-moving machinery maker, is cutting its workforce by a third. Page 4

BAKER ROOKE and Howard Tilly, accounting firms, are to merge, forming a firm with a projected fee income of £18m in the next year. Page 3

CREDIT AGRICOLE, French bank, entered the mortgage market in association with M&G, unit trust group. Page 4

KAJIMA, Japanese construction group, agreed a joint venture with Allied Properties, Hong Kong-based property group, to develop what is claimed to be the territory's largest hotel and commercial complex. Page 10

VOLVO TRUCK Corporation announced a 50 per cent increase in 1987 operating profits to SKr1.6bn (£145m). Page 10

PHILIPS, Dutch electronics group, announced a 6 per cent increase in net profits to DFl 217m (£61.6m) in the first quarter. Page 10

Seamen call for action on all ferries to bolster Dover strike

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2496

BY CHARLES LEADBEATER IN LONDON AND JIMMY BURNS IN ROTTERDAM

LEADERS of the National Union of Seamen yesterday called for industrial action throughout the ferry sector in an attempt to bolster support for the three-month strike by P&O European Ferries crews in Dover.

The move came as two P&O ferries, crewed by 275 seamen who have broken ranks with the union, set sail from Rotterdam to breach the Dover strike. They were expected to be met by a mass picket when they reached port early this morning.

The NUS leaders' call came after the collapse of an agreement between the union and Sealink British Ferries, the other major UK ferry operator, to halt secondary industrial action against Sealink's ferries.

Mr Sam McCluskie, the NUS general secretary said: "All Sealink ferries should stay in port."

The agreement reached at Acas, the conciliation service, led to an adjournment until Tuesday of Sealink's legal action against the union over the disruption to some of its services.

The collapse of the agreement makes it almost certain that the union will be heavily fined or have its funds sequestrated when the hearing resumes. It is understood the union has prepared for sequestration by making arrangements to use the local offices of other unions.

Sequestration would be likely to provoke further industrial action, affecting both P&O and Sealink.

NUS officials believe the sequestration of the union's assets would turn the Dover dispute into a broader fight to defend the union. With other crews taking action, they believe it would become more difficult for seamen in Dover to defy the strike and cross picket lines.

Union leaders believe the strike will only be broken if the company manages to get at least five of its ferries working again. One said: "If they get two or three ferries going, it would be a breach in the strike but it would not break it."

Dockers at Zeebrugge, in Belgium, yesterday voted to boycott P&O ferries from Dover following a similar pledge this week by dockers at Calais and Boulogne.

Yesterday morning's agreement at Acas had followed a proposal from Mr James Sherwood, Sealink's chairman, that he approach P&O in an attempt to persuade the company to agree that the changes it is seeking to working practices be phased over three years as the union has requested. He said the ferry companies had a common interest in improving efficiency to compete with the Channel Tunnel.

For its part the NUS agreed to encourage its members at Sealink to return to normal working.

However P&O rejected Mr Sherwood's approach for talks, and Mr McCluskie declared the agreement dead.

Ferry companies last night predicted lengthy delays over the weekend, as action spread to other ports. Lorries formed long queues on approach roads to Dover as they waited for sailings by Sealink's two French-crewed ferries.

Sealink said there would be no sailings from Folkestone over the weekend, but cross-Channel services from Newhaven, Portsmouth and Weymouth, however, would be unaffected. Services from Harwich, Fishguard and Holyhead were almost certain to be disrupted.

P&O freight services from Liverpool and Ipswich, and passenger services from Hull, were disrupted by strike action.

Sally Lines' sailings from Ramsgate to Dunkirk, and Brittany Ferries' cross-Channel services from Portsmouth and Plymouth were operating normally yesterday.

The first P&O European Ferries ships to sail for more than 12 weeks, the Pride of Kent, followed by the Pride of Bruges, left Rotterdam yesterday afternoon after exhaustive safety checks by Department of Transport marine surveyors. The ships left in perfect sailing conditions along the channel to the Hook of Holland, to enter the North Sea and arrive

Continued on Back Page
Union not yet beached, Page 7

Holmes à Court gives up control of Bell companies

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIA'S so-called Great Acquirer, Mr Robert Holmes à Court, yesterday succumbed to financial pressures and gave up control of his Bell stable of companies.

In deals marking the passing of an Australian corporate era, Mr Alan Bond, the Swan and Castlemaine lager baron, took a 19.9 per cent stake in Bell Group, Mr Holmes à Court's master company, through his Bond Corporation brewing-based empire.

A similar stake was bought by the West Australian State Government Insurance Commission. In all, Mr Holmes à Court received A$333m (£134.8m) in the deals.

They do not necessarily mark the demise of the redoubtable Mr Holmes à Court, one of Australia's best-known entrepreneurs. He remains chairman and chief executive of Bell.

Bell's interests in Western Australia range from media to machinery.

In Britain Bell owns the former Associated Communications Corporation built by Lord Grade; controls Dewey Warren, the insurance broker; and holds 14.9 per cent of Standard Chartered, the troubled international banking group.

Bell Group also controls two other quoted members of the Bell stable: J.N. Taylor Holdings (37 per cent) and Bell Resources (up to 42 per cent) where main assets include the energy-producer Weeks Petroleum, 10 per cent of BHP, and stakes in Pancontinental Mining and a coal venture.

Mr Bond operates from Perth, like Mr Holmes à Court, and is his chief local rival.

His success in buying the Bell stake followed last month's bid by Sir Ron Brierley and Mr Kerry Packer, another two of the region's most voracious businessmen, for control of Bell Resources. The future of that joint assault could now be in doubt.

During 20 years Mr Holmes à Court, a South African-born lawyer, built an investment empire and a formidable reputation as a corporate raider. The press called him the Great Acquirer.

However last October, aged 50, he suffered the biggest blow of his colourful career when the stock-market crash caught him unprepared. He became the Great Divestor, disposing of many investments at home and abroad.

The crash destroyed his long-cherished ambition to control Australia's largest company, Broken Hill Proprietary, the steel and resources giant in which he had built up a 30 per cent stake worth more than A$4bn.

Yesterday, after trying for six months to restore the finances of Bell and of his own private company, Mr Holmes à Court gave up.

Mr Bond agreed to pay A$2.70 a share for his 19.9 per cent of Bell Group. The insurance commission paid A$2.50 a share but both prices were well above yesterday's closing market level

Continued on Back Page
Lex, Back Page

SIB shuts share dealing firm

BY CLIVE WOLMAN

THE SECURITIES and Investments Board started its life yesterday as the chief regulator of the new investor protection system by issuing a notice against a London firm of share dealers which in effect shuts it down.

The firm, Eyas Securities, which has a team of telephone salesmen based in Southwark, south London, has been accused of selling small investors shares in companies that were connected with it, without informing them of the connection.

Eyas was ordered to stop trading two weeks ago by the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), one of the five new self-regulatory organisations. The order was made after Fimbra inspectors discovered the firm was not keeping adequate records and not providing adequate protection of its clients' money.

However the SIB discovered Eyas was continuing to defy the Fimbra order and moved against the firm as soon as it was empowered to do so. Eyas had been granted interim authorisation under the new regime because it has applied for membership of The Securities Association, another SRO.

Eyas is now prevented from carrying out any share transactions or investment business. This may prevent investors who bought shares from Eyas selling them again. Eyas has the right of appeal to the Financial Services Tribunal within 28 days.

The SIB yesterday also published proposals for the organisation of its controversial investor compensation scheme.

Under the proposals, the scheme manager would be empowered to pay compensation to individual investors who have lost money through the insolvency of an authorised firm, up to a maximum of £100m per year. If the claims against the scheme exceed that amount, the payments could be deferred until the following financial year, which starts on April 1.

The scheme manager would borrow money to pay the compensation. He would then reclaim the money about five months after the financial year-end from other authorised firms in the same SRO.

Each firm would have a maximum liability to the compensation scheme fixed by reference to its gross trading income in its previous financial year. The most controversial provisions would apply if the scheme remained in debt after extracting these maximum payments. Then the manager would call for contributions from all the member firms of the other SROs.

If the scheme subsequently recovers some of the assets of the insolvent firm, the money will be used firstly to pay back those investors who were not fully compensated. It will then be offset against any other claims against the scheme in the year in which the recovery was made.

Risks remain, Page 6

Sterling surges as trade deficit drops to £250m

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE GOVERNMENT yesterday reported a significant improvement in Britain's trade position last month but as a result it faced a further unwelcome rise in the pound's value.

Figures from the Department of Trade and Industry showed that the deficit on the current account of the balance of payments narrowed to £250m in March from a monthly average of £800m in January and February. Exports recovered strongly after a sharp dip at the start of the year, while imports showed an unexpected fall.

The extent of the improvement surprised financial markets and triggered a surge in sterling's value, in spite of sporadic intervention by the Bank of England. Gilt-edged prices also showed significant gains.

Yesterday's figures appear to confirm that official data for January and February were heavily distorted by the introduction of new customs procedures.

DTI officials said the effect of the changes had been to exaggerate recorded exports in December last year and to understate them in the following two months. The department said it was now satisfied that most of the distortions had surfaced.

The Treasury, however, said it remained unconvinced that the £1.8bn current account deficit recorded in the first quarter represented the true trend. It said it believed the figures should still be treated with extreme caution.

In spite of the better performance in March, there has still been a sharp deterioration in the trade position since mid-1987. The average monthly current account deficit of about £600m since January would imply a shortfall for the whole of this year of more than £7bn compared with the £1.7bn seen in 1987.

The Treasury said it was sticking to its Budget forecast of a £4bn deficit in 1988, but its efforts in recent weeks to brake sterling's rise may reflect private concern that it is being optimistic.

The underlying trend in exports appears to confirm that the pound's appreciation is hitting overseas sales. Excluding oil and erratic items, the volume of exports fell by 5½ per cent in the latest quarter to stand ½ per cent below the levels of a year ago. Those figures, however, conflict with evidence from the Confederation of British Industry, which points to buoyant export deliveries.

Import volumes also appear to have fallen in recent months, in spite of continued buoyancy of demand in Britain's economy. Excluding oil and erratics, imports were 2½ per cent lower in the latest quarter than in the previous three months, but remained 13 per cent higher than in the same period a year ago.

In currency markets, the Bank's intervention to brake sterling's rise was described as modest. The Bank is thought to be operating within intervention limits set by Mrs Margaret Thatcher, the Prime Minister, who is concerned about the expansionary effects on the money supply of sales of sterling.

The Treasury insists it can offset intervention's impact on liquidity by selling an equal amount of gilt-edged securities, but Mrs Thatcher's advisers argue that there might still be some expansionary effect on the broad measures of the money supply. They believe the Treasury cannot guarantee that gilts are bought by the same investors who have purchased sterling, leaving the possibility that intervention will still boost liquidity.

Sterling closed 2 pfennigs higher at DM3.1475 and finished at $1.8795, up 0.5 cents against a generally stronger dollar. The US currency was bolstered by expectations of rising US interest rates.

US leading indicators up, Page 2

CURRENT ACCOUNT
(£bn, seasonally adjusted)

	Current balance	Visible balance: Balance	Visible balance: Exports	Visible balance: Imports	Invisible Balance
1986	+0.1	-8.5	72.7	81.1	+8.5
1987	-1.7	-9.6	79.6	89.2	+7.9
Qtr 1	+0.8	-1.2	19.5	20.7	+2.0
Qtr 2	-0.3	-2.3	19.4	21.7	+2.0
Qtr 3	-0.9	-3.1	20.2	23.3	+2.2
Qtr 4	-1.3	-3.0	20.5	23.5	+1.7
1988					
Qtr 1	-1.8	-3.6	18.8	22.4	+1.8
Jan	-0.8	-1.4	6.2	7.6	+0.6
Feb	-0.7	-1.3	6.2	7.5	+0.6
Mar	-0.3	-0.9	6.4	7.3	+0.6

Figures for invisibles since January 1988 are first estimates

WEEKEND FT

goes to SCOTLAND

Weekend FT writers look at finance, travel, diversions, arts and How To Spend It north of the border

HIGHLAND BATTLE
Some see Britain's northern wilderness as a refuge, others as a target for development. James Buxton examines the arguments
Page V

FINANCE
The background and make-up of Scotland's thriving financial market
Pages IV-VIII

TRAVEL
The delights of the Highlands, islands and other treasures
Pages VII, IX

GLASGOW BLOOMS
Arthur Hellyer on the spectacular garden festival in Glasgow
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PROPERTY
Sporting estates and more home for your money
Page XII

FOOD
Why simple tastes are best
Page XVIII

HOW TO SPEND IT
...in Edinburgh and Glasgow
Pages XX, XXI

ARTS
The artistic scene over the border
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MARKETS

DOLLAR
New York lunchtime:
DM 1.6765
FFr 5.6995
SFr 1.3955
Y124.975
London:
DM 1.6745 (1.6685)
FFr 5.6925 (5.6675)
SFr 1.3935 (1.3845)
Y124.9 (124.6)
Dollar index 92.6 (92.4)
Tokyo closed

US LUNCHTIME RATES
Fed Funds 6⅞%
3-month Treasury Bills:
yield: 6.124%
Long Bond: 98
yield: 9.06

GOLD
New York: Comex June
$453.1 (452.6)
London: $449 (451.5)

STERLING
New York lunchtime $1.8775
London: $1.8795 (1.8745)
DM 3.1475 (3.1275)
FFr 10.7 (10.625)
SFr 2.62 (2.595)
Y234.75 (233.5)
Sterling index 78.4 (78)

LONDON MONEY
3-month interbank:
closing rate 8¾ (8⅝)

NORTH SEA OIL
Brent 15-day May (Argus)
$16.675 (16.975)

STOCK INDICES
FT Ord 1,443.9 (–0.8)
FT-A All Share 928.19 (–0.0)
FT-SE 100 1,802.2 (–2.2)
FT-A long gilt yield index:
High coupon: 9.23 (9.31)
New York lunchtime:
DJ Ind Av 2,024.04 (–17.24)
Tokyo:
Nikkei closed

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0 650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.30; Greece Dr120; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1700; Japan Y600; Jordan Fils500; Kuwait Fils 500; Lebanon $L125; Luxembourg LFr48; Malaysia Rng4.25; Mexico Pes300; Morocco Dhs6.00; Netherlands Fl3.00; Norway Nkr10.00; Philippines Pes20; Portugal Esc120; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.30; Taiwan NT$85; Thailand Bht50; Tunisia Din0.600; Turkey L600; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

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Lagos airport closed by fuel price strikes

BY MICHAEL HOLMAN, AFRICA EDITOR

LAGOS international airport was closed by strikes yesterday as protests against the Nigerian Government's decision to increase fuel prices hit the city for a second successive day.

Union leaders, who have been defying a government ban on strikes and demonstrations, were due to meet government officials in an attempt to resolve a growing crisis which began in mid-April.

At least six people were killed in the northern city of Jos during violent protests against a 3 per cent increase in the price of fuel. Thousands of government workers in Kano State were dismissed when they stayed away from their offices, and the protest spread to Lagos on Thursday when bank and insurance staff went on strike.

Security in government offices in the city, including Doan Barracks, headquarters of the military government of President Ibrahim Babangida, was tightened yesterday when other groups of workers stayed at home.

At the airport, thousands of passengers were stranded as international and domestic flights were grounded. It was unclear whether the action was brought about by striking airport staff, or by fuel shortages caused by a strike of lorry drivers.

Many city residents were unable to get to work as bus drivers joined the protest. Other wildcat strikes were reported in Lagos factories, while commercial activity in Nigeria's largest city was paralysed by the continuing bank strike.

President Babangida, facing the most serious challenge to his authority since he took office in August 1985, held meetings with advisers and members of the ruling military council. He has so far made no public comment.

Latest reports from the northern state of Kano said that strikes have affected banks, hospitals, public transport and industry.

According to the official News Agency of Nigeria, two senior officials of the country's railway union were arrested on Wednesday. An undisclosed number of labour leaders and what the government calls "mischief makers" have already been arrested during a government clampdown that is proving ineffectual.

The Medical and Health Workers Union and one of the civil service unions have joined calls for a nationwide strike.

Opposition to the fuel price increase jeopardises government efforts to reach agreement with the International Monetary Fund on economic policy.

A renewal of the agreement with the Fund, which lapsed in January, is vital to the Government's economic recovery programme.

Moscow more strident as summit approaches

BY QUENTIN PEEL IN MOSCOW

THE SOVIET UNION yesterday stepped up its pre-summit propaganda with a new attack on US criticism of its human rights record, and a condemnation of Nato's plans to modernise its short-range nuclear arsenal.

A sharp increase in the temperature of Moscow's rhetoric was clearly dictated from the very top, coming after a debate on the state of pre-summit preparations at the weekly meeting of the politburo.

A formal statement issued after the meeting called on the US to "abandon the attempts to impose its views and values on others," echoing the fierce criticism of US "sermons" on human rights spelt out last week by Mr Mikhail Gorbachev when he met Mr George Shultz, the US Secretary of State.

Yesterday the Communist party newspaper, Pravda, and the official news agency, Tass, went further, warning that the US campaigns on human rights, in particular, could sour the whole tone of the summit.

"Washington's policy of confrontation and interference in our internal affairs adds fuel to the fire of ideological bitterness and has a negative impact on Soviet-American dialogue," Pravda said.

It accused President Ronald Reagan of adopting "a spirit of imperial arrogance verging on interference in our internal affairs."

The theme of all the Soviet criticism is that the Reagan Administration has failed to change its old attitudes to match the shift in thinking in Moscow.

"The Soviet leadership is prepared to undertake necessary efforts so that the Moscow summit is marked by definite and major results," the politburo statement said. "This requires, naturally, a corresponding desire on the American side, its readiness to reckon with political realities, take into account the partner's interests, thoroughly weigh out the measure of its responsibility and abandon the attempts to impose its views and values on others."

Tass said the Nato defence ministers' meeting in Brussels calling for further modernisation of nuclear weapons was a further example that "the US military high command appears not to have relinquished hopes of resuscitating its odious concept of a limited nuclear war in Europe, to which the signing of the Soviet-American INF treaty dealt a mortal blow."

New Soviet mobile missile in service, claims US

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE REAGAN Administration yesterday claimed the Soviet Union had deployed its new 10-warhead SS-24 strategic missile on rail cars, a move which American arms control experts believe will make it more difficult to verify the proposed strategic arms reduction agreement.

There are also reports of new problems as Moscow and Washington try to work out the details of the verification provisions agreed as part of the INF treaty. Although US officials say the problems are technical, arms control experts here suggested yesterday that they represent another reason for questioning whether the articles of ratification which would finalise the INF treaty will be exchanged at next month's Moscow summit.

The treaty has yet to be approved by the US Senate. Senate leaders are expected to introduce it to the house next month, but precisely when is uncertain. A small group of Republican conservatives led by Senator Jesse Helms of North Carolina are expected to try to delay ratification.

The disclosure that the US no longer views the Soviet SS-24 missile as experimental was made in the latest edition of "Soviet Military Power", the Pentagon's annual assessment of the strength of Moscow's armed forces.

US leading indicators up 0.8% in March

By Anthony Harris in Washington

THE US Commerce Department's index of leading indicators rose 0.8 per cent in March, according to preliminary estimates. At the same time the index for the two previous months was revised upwards sharply to show a net rise of 0.6 per cent instead of a small fall of 0.2 per cent.

The new figure, and especially the revision, inspired some bullish forecasts for the real economy, but did nothing to remove current fears that strong activity and some acceleration of inflation will lead to a rise in interest rates. Riggs, the leading Washington bank, raised its own prime lending rate from $8\frac{1}{4}$ to $8\frac{1}{2}$ per cent yesterday, but there was no immediate sign of such a move from the money centre banks.

"This is a clear signal that the economy will be stronger in the second half of the year," said Mr Allen Sinai, chief economist of the Boston Co. Mr William Griggs, of Griggs and Santow, said that the figures pointed to "continued healthy expansion" through the rest of the year.

Growth estimates for the current quarter have been revised upwards because of strong figures for investment goods and for motor output.

The March increase was almost exactly in line with market forecasts (and was in fact dominated by the performance of the markets themselves), and therefore had little impact on bond prices or exchange rates.

The positive influences on the March indicator, apart from stock prices and unemployment claims, were a lengthening of delivery periods on finished goods, the rise in new building permits, and a rise both in the real money supply and in the price of demand-sensitive raw materials.

US draws up proposals to remove Noriega

By Lionel Barber in Washington

THE Reagan Administration has drawn up new proposals for removing Panama's strongman General Manuel Noriega from power which may not require him to go into exile.

Gen Noriega has yet to agree to the US plan, but Administration officials said yesterday they were "cautiously optimistic" he would step down.

The Administration's expression of confidence comes after a barrage of congressional and press criticism of US economic sanctions against the Noriega regime which have proved ineffective and damaging to the local economy.

This week, Washington signalled a tactical retreat by dropping demands that Gen Noriega step down as commander of the Panamanian Defence Forces and go into exile immediately.

Instead, Washington has taken a more flexible line, suggesting that he merely resign his military post before next year's scheduled elections. The question of whether he leaves Panama is still open.

But Gen Noriega would be allowed to retain full military honours and his personal fortune – which runs into millions of dollars, according to Congressional testimony and US intelligence accounts.

The Washington Post reported yesterday that the Administration had reached a "tentative deal" with Gen Noriega after talks between him and a US State Department envoy.

French vote Mitterrand victor in TV debate

BY IAN DAVIDSON IN PARIS

PRESIDENT François Mitterrand emerged the clear winner in the television debate on Thursday night which pitted him against Mr Jacques Chirac, his right-wing challenger in the second round of the French presidential elections, according to an opinion poll conducted right after the broadcast.

The survey found that 32 per cent thought Mr Mitterrand came off best, against 24 per cent for Mr Chirac.

To judge from their demeanour during the debate, the balance of this verdict appeared to be shared by the two contestants. Mr Mitterrand adopted a tone of polite condescension, addressing Mr Chirac repeatedly as "Monsieur le Premier Ministre", as if to underline the point that he was still President and expected to remain so; whereas Mr Chirac almost as consistently addressed the President as "Mr Mitterrand".

Conversely, Mr Chirac appeared to assume defeat in the second round of voting on May 8, by constantly questioning the President on his policy.

Neither candidate introduced any major new element into the policy debate, unless there was a slight hardening of Mr Mitterrand's position when he was asked about the immigrant issue. At all events, when he said that "of course" there ought to be a reduction in the number of immigrants, Mr Chirac immediately commented, with a livid smile, that there appeared to be a change in Mr Mitterrand's position.

The main moments of tension erupted over the violence in New Caledonia and the handling of the terrorist problem. On New Caledonia, Mr Chirac suggested that the violence of the Melanesian independence-seekers had "as if by chance" been launched on the eve of the first round of voting with help from outside "and probably with internal complicities".

FRENCH ELECTIONS

Mr Chirac was thus reiterating the insinuation made by one of his lieutenants earlier in the day, that the violence, in which four French gendarmes were killed and 26 hostages taken, had been inspired with the help of Mr Jean-Louis Bianco, secretary-general at the Elysée.

Later Mr Chirac implied that Mr Mitterrand had been lax in releasing terrorists; Mr Mitterrand immediately returned the accusation with vigour. "I remember," he said, "the conditions in which you sent Mr [Wahid] Gorji back to Iran, after having explained to me, in my office, that the case against him was crushing, and that his complicity in the assassinations in Paris at the end of 1986 was demonstrated."

Mr Chirac was obviously appalled by the damning implication of the accusation, and protested at the discussion of a private conversation; he challenged Mr Mitterrand to repeat his accusation, but he did not actually deny its truth in so many words.

The worst moment of bathos came when Mr Chirac reproached Mr Mitterrand with having increased the VAT on dog- and cat-food. Mr Mitterrand retorted that this increase had coincided with a reduction in the VAT on food for human consumption.

Political analysts in France question whether these television debates have a significant effect on the outcome of elections. On this occasion both candidates gave a predictable performance, with Mr Mitterrand constantly emphasising the longer term, Mr Chirac battening on to comparisons of the past record of his government with that of its Socialist predecessor. At all events, neither man made the kind of serious blunder which might overturn previous forecasts.

● In New Caledonia, one of the seven white settlers responsible for an ambush in December 1984, in which 10 independence supporters were killed, was found shot dead on Friday. The seven were acquitted last October by the court of assizes of Noumea, to the indignation of the Melanesian population of New Caledonia and of critics of the right-wing Government in France.

Labour unrest returns to the French industrial scene

BY PAUL BETTS IN PARIS

TOMORROW'S May Day celebrations in Paris have more than ritual significance: they coincide with an upsurge in labour unrest after a period of relative somnolence in the union movement.

For seven weeks, there has been a strike at Snecma, the state-owned aero-engine manufacturer. Its workers are protesting against a 3.8 per cent pay rise offered by the management, which yesterday announced a group loss of FFr570m (£53.6m) for 1987 and warned of the severe financial repercussions the strike was having on the company already hit by the weak dollar.

Michelin, the French tyre group known for its legendary discretion and paternalism, has also been hit by labour unrest for the first time in more than 10 years.

The company, which confirmed its recovery this month by announcing group profits of FFr2.65m, has provoked the rage of its French workers by offering a 20 centime rise on their hourly pay. The management says its offer involves an overall pay rise of 3.8 per cent, which is above the prevailing rate of inflation, and claims the company, still in the throes of recovery, cannot afford more.

Michelin workers, who launched their protest two weeks ago, have been marching in the streets of Clermont-Ferrand, the home of Michelin, and disrupting production. Attempts by the local prefect to find a compromise failed this week.

There seems to a a certain common thread between the resurgence of labour unrest and the strong performance of Mr Jean-Marie Le Pen's far-right National Front in last Sunday's first round of the presidential elections.

Both phenomena reflect broad anxieties about job security and unemployment in the country as a whole, but especially in regions facing industrial decline or radical reconversion. These anxieties have also helped fuel racist and xenophobic sentiments which have played into Mr Le Pen's hands.

The overriding concern over jobs has also been matched by grumbling at the grass-roots over what many workers feel has been a decline in their purchasing power during the past few years of economic rigour and wage restraint. But companies like Michelin and Renault, among many others, are now back in the black and union members feel that, after their sacrifices and the sweeping job cuts of recent years, the time has come for a little reward.

What has made matters more difficult both for management and the unions is that the latest actions have often been started by the rank-and-file. The latter have become increasingly disenchanted by a union leadership, especially at the large pro-Communist CGT confederation, which they feel no longer represents their individual interests.

The labour movement has also become less politicised; this has been encouraged by the increasing liberalisation and decentralisation of pay fixing in France. The employers' federation no longer establishes a general norm for new pay rises. Wage talks are taking place more and more on a company and individual basis.

This has further undermined the traditional union leadership. The CGT caused resentment among many of its members by publicly urging them to vote for Mr André Lajoinie, the Communist candidate, last Sunday. Only 49 per cent of CGT members did so, and 38 per cent voted for Mr Mitterrand, according to an opinion poll this week.

The vote of the members of the reformist Force Ouvrière union was even more significant: 35 per cent voted for for Mr Mitterrand, 26 per cent for the centrist Mr Raymond Barre, and 21 per cent for Mr Le Pen.

Swedish deal breaks pay bargaining mould

BY ROBERT TAYLOR IN STOCKHOLM

A TWO-YEAR wage agreement was reached early yesterday for Sweden's 350,000 white-collar workers in the public services, including nurses and doctors. The accord represents an important break in the more than 40-year-old centralised bargaining system.

Following a similar deal for 600,000 blue-collar public service workers just over a fortnight ago, it provides a major role for local bargaining based on individual merit and labour market conditions.

The total package means pre-tax pay increases of up to 15-16 per cent for nurses and other workers in the public services who believe they have fallen behind in the wages league, particularly in areas of acute labour shortage.

Yesterday's deal will add SKr4.3m(£390,000) to the employers' wages bill and some local councils have already warned that it will mean increases in local taxation.

Earlier this week the Government announced measures to dampen down the economy, which is becoming overheated, mainly because of the already high level of settlements – averaging 6 per cent – in the present wage round.

However, the big increase negotiated for the public services is bound to add to inflationary pressures, though with a general election due in September no further direct action is likely to be taken to restrain personal consumption until the late autumn.

Many union leaders are concerned at the effect of the new-style public sector deals on their traditional commitment to nationwide bargaining, based on the principle of wage equality and one rate for a job. But the increasing fragmentation in Swedish collective bargaining has been gathering speed in the private sector for some time.

Israel raids villages in S Lebanon

By Andrew Whitley in Jerusalem

ISRAELI TROOPS, backed by helicopter gunships, raided villages in southern Lebanon yesterday, following two cross-border incursions this week by Palestinian guerrillas. Combat aircraft also mounted mock raids on targets in the Bekaa valley, near the Syrian border.

Meanwhile, Greek police have detained an Israeli suspected of attempting to kill a Palestine Liberation Organisation official. On several occasions over the past year, Athens has been the scene of assassinations attributed to the Israeli secret service.

The state-run Israel Radio said yesterday that a man identified as Mr Yitzhak Farahri, detained at Athens airport on Thursday, had been visited by an Israeli consular official.

Mr Farahri was traced by a rented car identified by the PLO's first secretary at its Athens mission, Mr Ismat Sabri, as that being driven by a couple who had apparently been watching his house.

In Lebanon, where tension is reported to be growing in anticipation of a big Israeli reprisal raid, two militiamen from the Israeli-backed South Lebanon Army (SLA) were killed yesterday when their armoured vehicle ran over a landmine.

The SLA also used mortars in a two-hour exchange of fire with guerrillas around the village of Haddata, north of the Israeli "security zone".

In a joint operation with the mainly Christian SLA, more than 100 Israeli troops were said to have raided some 14 villages in the eastern sector of the security zone, apparently in search of those behind last week's border infiltrations, Lebanese security sources were quoted by the Reuters news agency as saying that 25 people were detained.

GE plans I£30m expansion in Irish Republic

By Kieran Cooke in Dublin

GENERAL ELECTRIC has announced an I£30m (£25.6m) expansion plan for its operations in the Irish Republic. GE Superabrasives Ireland, a subsidiary of GE of the United States, will be enlarging its facilities at its industrial diamond plant in North Dublin and creating 200 additional jobs.

The company said that growing worldwide demand for its products, particularly from the mining sector, had meant that further expansion was necessary. General Electric at present employs more than 700 people in the Republic.

Armenian broadcasts

Soviet television yesterday began broadcasting in the Armenian language to Nagorno-Karabakh, whose population sparked unrest in February by seeking to withdraw from the Azerbaijan republic and join neighboring Armenia, AP reports from Moscow. Moscow last month turned down the demand, insteadannouncing a plan to improve the life of the region.

Foreign groups see little hope of reversing Brazil mines move

BY IVO DAWNAY IN RIO DE JANEIRO

FOREIGN mining and oil exploration companies in Brazil said privately yesterday that they see little likelihood of reversing the Congress's dramatic decision late on Thursday to take their activities into Brazilian hands.

The mining vote - 343 in favour to 126 against - came when congressmen sitting as a constitutional assembly were debating clauses in the chapter devoted to Brazil's new economic order.

It was swiftly followed by the approval of a clause halting the licensing of any new risk contracts for oil exploration by foreigners, though existing contracts are to be honoured until they expire.

The Congress refrained, however, from forcing foreign petrol distribution networks to be sold or ceded to Brazilian nationals.

Only one opportunity remains between now and the completion of the country's new constitution, possibly in June, to have the clause removed in the final run through the draft.

If this, as is expected, does not occur, foreign companies will have five years to conform to new legislation now to be prepared.

Little help is expected, furthermore, from the Government of President Jose Sarney.

Though the Administration has publicly declared itself in favour of foreign capital investment, all its efforts are now being concentrated on ensuring that clauses on transition arrangements give President Sarney a five-year term of office.

Mining industry executives were yesterday puzzling over the exact definition of "a Brazilian company of national capital" which alone will be allowed to explore for, or extract minerals.

This, according to earlier approved constitutional clauses, is a company "whose effective control is permanently under the ownership, directly or indirectly, of individuals domiciled and resident in the country".

Effective control, it adds, is defined as a majority of the voting capital and the exercise, *de facto* and *de jure*, of decisive power to manage its activities.

Hopes that foreigners with permanent residency rights in Brazil could qualify under this definition are unlikely to be realised when enabling legislation is drawn up by Brasilia's highly nationalistic bureaucracy.

Several foreign concerns are understood to hope, however, that the terms of their joint ventures in Brazil will exempt them.

Foreign mining companies active in Brazil include Billiton, the Royal Dutch/Shell subsidiary, BP and RTZ of the UK, Alcoa and Utah of the US, Ferteco of West Germany, WMC of Australia, Inco of Canada and Anglo-American and Gencor of South Africa.

The latter three companies are understood to be among those who believe their minority shareholdings may allow them to continue their present activities unchanged.

Reactions to the congress decision have been predictable. While the left and other nationalist groups are jubilant, advocates of competition and increased foreign investment are devastated.

One Brazilian exploration manager of a foreign-owned company, witnessing the vote, said: "Mining has ended in Brazil."

While this is clearly an exaggeration, most industry experts are convinced that exploration activities are certain to decline drastically as foreign interests suspend investment.

London talks mark push for Angola peace

BY ANTHONY ROBINSON IN JOHANNESBURG

AGREEMENT by the four countries most closely involved in the Angolan civil war to hold talks in London next week marks a major new attempt to explore the possibility of a negotiated end to the 12-year conflict.

The choice of London as a neutral venue follows eight months' fierce fighting in the Angolan bush, and much diplomacy between the superpowers, Pretoria and Angola.

Cuba, which has 40,000 troops fighting in support of the Soviet-backed Angolan government's Fapla forces, against South African-supported Unita rebels led by Dr Jonas Savimbi, has been watching from the sidelines.

The death this week of Brigadier-General Cruz Bourzac, Cuba's deputy minister for armaments, and 25 other Cuban officers when their plane was mistakenly shot down by Cubanmanned missiles in southern Angola, dramatically underlined the cost to Cuba.

Diplomats estimate some 10,000 Cubans have been killed or injured by war, accident or disease since a Cuban expeditionary force was first airlifted to Angola by Soviet troop planes in support of the Marxist MPLA faction in October 1975.

In return, Cuba, whose domestic economic crisis is reflected in its inability to service its $8bn foreign debt despite heavy Soviet subsidies, is believed to receive around $400m (£210m) annually in hard currency for the upkeep of its contingent, whose "internationalist" duties overseas help alleviate a chronic unemployment problem.

The loss of so many Cubans in one incident coincides with the inconclusive end to eight months' bloody fighting in southern Angola.

What diplomats see as signs of a "new fluidity" on the diplomatic front is partly a reflection of the stalemate on the ground.

Two crucial unknowns are the degree to which Pretoria is prepared to trade a Soviet/Cuban withdrawal from Angola for independence in neighbouring Namibia (South-West Africa) under the terms of UN Resolution 435, which calls for elections under UN supervision; and whether Moscow is prepared to be as flexible over Angola as over Afghanistan.

Two months ago, General Magnus Malan, South Africa's Minister of Defence, proposed an Afghan-type solution leading to a "free, neutral and non-aligned" Angola under a coalition government.

Moscow responded with irritation to the South African offer, which it perceived as a crude attempt to "play the Soviet card" against Washington and embarrass Moscow in the Third World by implying that the Soviet Union might do a deal with Pretoria which would undermine its African National Congress and South West Africa People's Organisation protégés. Swapo is the guerrilla organisation fighting for Namibian independence from bases in southern Angola.

Western diplomats question the parallel between Afghanistan, where Moscow suffers direct losses of troops, and Angola, where the fighting is done by proxy and arms supplies are largely financed by dollars from Angolan oil sales to the West.

Despite these reservations, the South African military, who have long dominated domestic policy-making on the Angolan question, believe Moscow is the key to a solution of the conflict.

Pretoria's strong support for Unita throughout the past eight months was intended above all to demonstrate that Pretoria, allied to Unita, was able to deny victory indefinitely to the MPLA.

Unita, backed by at least 3,000 South African troops, long-range artillery and tanks, halted Fapla's onslaught on Unita's southern stronghold of Mavinga.

The Soviet Union continued to pour in military equipment. Fapla suffered heavy losses, nearly 5,000 men and up to $1bn worth of the latest Soviet equipment, according to Pretoria.

But Fapla, reinforced by Cubans, put up a stiff resistance and made clear that South African forces faced politically risky losses if they advanced beyond the besieged Fapla forward base and airstrip at Cuito Cuanavale.

The question now is whether the mooted return to the negotiating table will show a greater willingness for compromise among all sides than earlier, unsuccessful attempts.

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Thai premier calls general election for July 24

Thailand's Prime Minister, Prem Tinsulanonda, who was to have faced a parliamentary no-confidence vote next month, yesterday announced a general election for July 24, Reuter reports from Bangkok.

General Prem accepted resignations earlier yesterday from 16 cabinet ministers who said they were quitting to give him room for manoeuvre to bolster his support in advance of the no-confidence vote.

The dissolution of Parliament and new elections were announced after Gen Prem had an audience with King Bhumibol Adulyadej.

A royal decree read on radio stations said Gen Prem had told the king that since the last general election in July 1986, "many political parties have failed to function according to the normal democratic process".

Members of some political parties had refused to respect majority opinions or resolutions passed by their party colleagues, the king added.

This had "obstructed normal political processes under our democratic system and seriously impeded the country's administration and development".

Gen Prem said it was therefore thought appropriate to dissolve Parliament and call a general election.

The latest crisis was prompted by a parliamentary vote on Thursday in which 31 rebel members of the Democrat Party, the biggest group in the four-party ruling coalition, voted against the Government.

The issue had been a sensitive one – whether to accede to pressure from the US and tighten controls on the counterfeiting of books, cassettes, and videos. Washington threatened to retaliate by withdrawing trade privileges.

In the first reading of the bill in November, Democrat Party members had also rebelled, threatening to bring down the Government.

Gen Prem, 67, a retired general who has won respect as an unflappable figure campaigning against corruption in Thai political and commercial life, has survived two coup bids and an assassination attempt while in office.

Officials say that Gen Prem, who has been in office since 1980, has maintained throughout the trust of most of the army and of the king, which is crucial in a country where the constitutional monarchy holds immense sway.

Japan, US patch rift in ADB

BY RICHARD GOURLAY IN MANILA

JAPAN and the US yesterday papered over differences inside the Asian Development Bank, the region's multilateral aid institution, concerning Tokyo's request to increase its voting share, in an effort to concentrate on the bank's chronic problem of stagnating lending.

Separately, official observers from the Soviet Union confirmed that Moscow is seeking membership of the 47-member bank – and has received a diplomatically cool reception – while Taiwan continued to protest against the name "Taipei, China" by which the ADB has chosen to call it in its eagerness to allow both "Chinas" membership.

For the first time, Japan formally asked for a special increase in capital to bring its voting share back to the level it enjoyed before China joined in 1986.

But in a significant climb-down from its position a year ago, Japan dropped a demand that it should have a bigger vote than the US, with which it is equal largest shareholder, because Tokyo contributes much more resources to the bank.

Japanese officials said they wanted to co-operate with the US, despite Washington's insistence that it will match any special capital increase, in order to maintain parity of voting rights in the ADB.

The US is anxious not to allow Japanese supremacy, however small, in a region where it considers it has an equal strategic and economic interest.

Politics dominated the meeting, pending the results of a crucial external review to be published early next year, which will determine how the bank should change to meet the changing needs of the region's developing countries in the 1990s.

However, Japan's delegate, Mr Satoshi Sumita, Governor of the Bank of Japan, called for more lending involving "programme lending" (conditional on the dismantling of a borrower's economic policies that distort efficient development), more emphasis on private-sector development and more technical assistance grants so that borrowers can create more lending opportunities.

The proposals brought Japan broadly in line with the demands made by a number of other lenders, disillusioned by falling rates of loan disbursement.

The Soviet Union, through its observers, said it was ready to join the ADB. However, it said it would apply only after studying how much it would have to contribute as a donor-member and, more importantly, how an application would be received by other members.

The US is likely to oppose such a move, as are Japan and a number of other lender members, who question what Moscow could bring to the institution.

Singapore warns foreign press

By Roger Matthews in Singapore

THE SINGAPORE GOVERNMENT has warned the foreign press, foreign powers and overseas interest groups not to interfere in the country's domestic policies. It claimed the foreign press was waging an "hysterical campaign" against it.

The warning came following further controversy over an alleged Marxist plot which in May and June last year led to the arrest of 22 people under the Internal Security Act. The act allows for indefinite detention without trial. All but one were released by December because the Government was satisfied they were no longer a security threat.

However, on Monday last week, nine of the former detainees issued a press statement denying they were involved in a conspiracy and claiming that they had been maltreated during the initial stages of their interrogation. Eight of the nine were promptly re-arrested, together with a lawyer who had been acting for them.

The Government has now produced sworn statutory declarations by the detainees in which they partially or fully withdraw their allegations. These were immediately rejected by the families of those in detention.

In a statement yesterday, they said: "We reject the statutory declarations based on the fact that our loved ones were, for 10 days, and are still, at the mercy of their interrogators and denied access to family and legal counsel.

"We maintain they are innocent and demand their immediate and unconditional release."

The Government said that its plan to hold a commission of inquiry into the allegations of the detainees had been dropped as a result of their statutory declarations. It added that anyone seeking subsequently to give a different version of a statutory declaration was liable to criminal prosecution.

However, the Government does not believe it has yet discovered what it described as the prime movers of a plot to discredit it in what may be an election year.

Roh to overhaul government

PRESIDENT Roh Tae Woo plans a major overhaul of his government and party, which lost its parliamentary majority in a stunning election setback, his aides said yesterday, AP reports from Seoul.

President Roh plans to replace several senior cabinet and party officials to apportion blame for the election defeat and to give the administration a more moderate image, the aides said.

The changes in the Government and the Democratic Justice Party are expected to come as early as next week, they added.

One aide said the reorganisation would be "extensive", affecting presidential advisers and cabinet posts.

Two die as Jayawardene wins councils majority

PRESIDENT Junius Jayawardene's United National Party won a majority of seats on four new District Councils in violence-marred elections, the Election Commission announced yesterday, AP reports from Colombo.

Two people died and two were injured during balloting on Thursday, which was boycotted by most major opposition groups.

Final results for the 155 seats in four districts showed President Jayawardene's party with 88, the United Socialist Alliance with 64 and the Sri Lanka Moslem Congress with three.

The president's party has not lost an election since 1977, when it came to power with an unprecedented majority in Parliament.

New national elections are scheduled for December, and presidential polls must be held before February 1989.

The elections to the country's new District Councils were boycotted by 12 of the country's opposition parties, including the Sri Lanka Freedom Party. They had insisted on national elections first.

A policeman and a voter were killed and a railway station was burned to the ground during Thursday's polling, Colombo police said.

Two other people, a United National Party candidate and a Socialist party worker, were injured, police said.

'No agreement' in US-Taiwan talks

US trade negotiators ended four days' talks in Taiwan yesterday, saying they had reached no agreement on copyright, tariff cuts and access for US financial institutions, Reuter reports from Taipei.

The US said discussion of a copyright agreement had been disappointing, and accused Taiwan of lagging in protecting intellectual property rights.

Indo-Pakistan border is the front line of a new, undeclared clash

Secret war of the 'killing zones'

BY JOHN ELLIOTT, NEAR AJNALA, IN THE PUNJAB

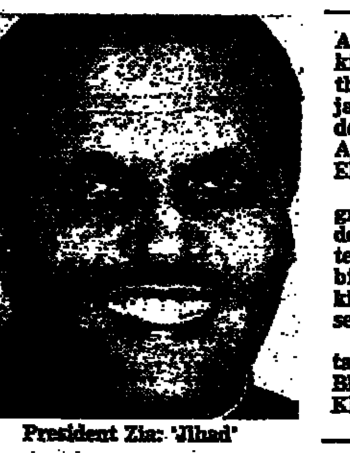
PILLAR 68-4 is a small pyramid of concrete almost hidden by 5ft-high *sirkanda* or elephant grass. One one side are the letters IND, on the other PAK.

In the distance, across a flat, lightly wooded landscape, lies Pakistan, with 30ft-high look-out towers and border posts. A few yards behind, on Indian soil, is a flattened area where two Pakistan border guards allegedly died in a gun battle two weeks ago.

This pillar, marking a point in the Punjab on the open zig-zag border between India and Pakistan, is the front line of a new and undeclared war being fought under cover of darkness between the border guards of the two countries. In 1965 and 1971 full-scale wars took place on the same territory, both won by India.

Each night, somewhere along the 340-mile border running through the Punjab, smugglers try to ferry guns and ammunition from Pakistan to Sikh extremists fighting for an independent Punjab state called Khalistan.

India accuses Pakistan of helping the extremists by supplying them with guns – often free – and by using its Pakistan Ranger border guards and a Field Intelligence Unit to help the smugglers, allegedly Pakistanis as well as Sikhs, to cross the border.



President Zia: 'Jihad'

Pakistan admits two-way smuggling of gold, heroin, whisky and guns is taking place – as it has done ever since the erratic border line was first drawn by the Radcliffe boundary commission when the two countries became independent and were partitioned in 1947.

Pakistan resolutely denies that it or its agencies are actively involved. India is finding it difficult to produce concrete proof of anything more than smuggling, but it accuses Pakistan of brainwashing, training and sending back to India at least 450 extremists in the past four years. It says Pakistan encouraged the most extreme Khalistani groups to form an umbrella Panthic Committee, and that it allows extremist leaders to meet and plan tactics in Pakistan.

In the past few months, sophisticated AK47 assault rifles have been obtained in large numbers by the Sikh extremists, along with a small number of RPG rocket launchers. According to Indian intelligence officers, most of the weapons have been siphoned off in Pakistan from supplies destined for the Afghan Mujahideen guerrillas.

Indian security officers claim that in the district of Amritsar – which accounts for about one-third of the major terrorist areas along the border - 42 AK47 assault rifles and 12,000 rounds of ammunition have been seized in the past month, along with two rocket launchers, 14 rockets, 45 other pistols and rifles, and 50 grenades.

Now India is about to start building a total of 63 miles of barbed-wire fencing, 9ft high and 10ft wide, 150 yards back from the border in key infiltration areas such as that around Pillar 68-4. Other obstacles will include flares lit by trip wires and sharpened bamboo stakes sticking out of the undergrowth. There will be closely-guarded gates to give access both to border patrols and to farmers who in some areas cultivate crops and graze cattle right up to the border pillars.

"We will use the fence and obstacles to channelise the intruders to where we want them and can destroy them," says Mr V.S. Sirohi, commander of the Border Security Force in the district of Amritsar. Indian intelligence officers call the proposed gates "killing zones".

The building of the fence and the newly-aggressive fighting talk of the Border Security officers, who command 24,000 men in the Punjab, marks a turning point in India's attitude to the infiltration from Pakistan.

Till recently, India has assumed that Pakistan has merely been trying to destabilise Punjab by helping the Khalistan Sikh extremists. The AK47s have been used to escalate violence in recent months, enabling extremist groups to undermine a peace initiative for the Punjab

Now, however, there is a suspicion at top levels in the Indian government, so far only whispered, that Pakistan may have bigger plans to help to build up a major insurgency in the Punjab which would enable the extremists, helped by Pakistan infiltrators, to block the Indian army's only supply routes to the sensitive northern state of Jammu and Kashmir which is disputed territory between the two countries.

Following remarks made recently by President Zia ul-Haq of Pakistan, India expects a major attack this summer by Pakistan on the remote 20,000ft Kashmir glacier of Siachen.

President Zia was reported earlier this year to have called this battle, which has been continuing intermittently for four years, a Jihad, or holy war, which in a Muslim country such as Pakistan is a word that cannot be used lightly.

If a major Siachen battle were to develop, the ability of Sikh extremists to disrupt India's military supply routes through Punjab could become crucial.

AT LEAST 27 people were killed by Sikh extremists in the north Indian state of Punjab yesterday, bringing the death toll for the month of April to over 330, writes John Elliott.

Two of the most extreme groups fighting for an independent state called Khalistan yesterday acknowledged responsibility for several of the killings, which took place in a series of separate incidents.

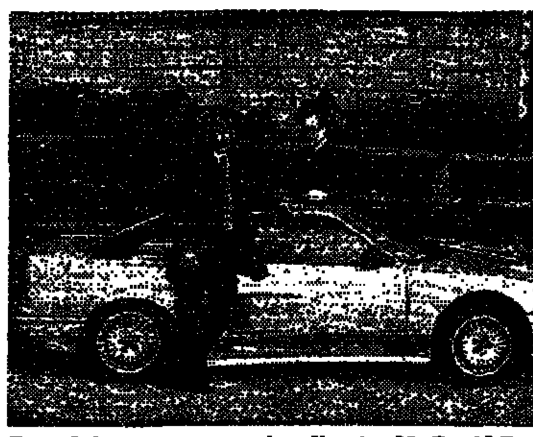
The groups were the Khalistani Commando Force and the Bhindranwale Tiger Force of Khalistan, which the Indian Government claims have direct links with the Pakistan Government.

There has been a rapid escalation of killings in the Punjab during April, when the extremists have successfully disrupted a peace initiative launched two months ago by Mr Rajiv Gandhi, India's Prime Minister. A total of 549 people were killed in the first three months of this year.

Yesterday, a woman was injured during an exchange of fire between extremists and security forces at the Golden Temple in Amritsar.

John Griffiths on a motor industry scheme to be funded by the BES

Revving up a sports car challenge



From left: Ecosse managing director Mr David Backinsell, chairman Mr Jim Capolongo and technical chief Mr Aubrey Woods

A CHALLENGE to Porsche and Lotus will be thrown down at this year's motor show at Birmingham. A small group of businessmen and engineers is hoping to announce an exciting sports car - and, via the Business Expansion Scheme for private investors, to raise £200,000 to put it into production.

The car has its origins in the AC ME 3000, an unsuccessful design which dates back at least a decade. It never reached full production and was finally sold off by AC Cars (itself now owned by Ford) to a Scottish concern which went into receivership before the car could be produced.

The specialist sports car business is notorious for bankruptcies. In that light, the track record of the ME 3000 ordinarily would attract the same sort of investment advice a securities house once gave about the £80m De Lorean sports car project: "Put it into wine and women instead – you'll get the same return and have a lot more fun."

Yet over £400,000 has already been raised, partly under a BES shares subscription scheme. And, Mr Jim Capolongo, Ecosse chairman, insists, there is no doubt that the car will materialise and that the Ecosse Car Company itself will be a commercial success.

If the name of the Ecosse chairman seems vaguely familiar, it should.

Mr Capolongo, 53, was president of Ford of Europe until 1984 and the man responsible for bringing the Fiesta development programme to fruition.

Managing director is Mr David Backinsell, 43, former Ford of Europe overseas marketing and special programmes manager.

Leading the technical development of the car is Mr Aubrey Woods, former chief designer and technical director of motor racing's BRM, and latterly a consultant on a number of vehicle projects for, among others, Volkswagen and BMW.

Mr Capolongo acknowledges that after the De Lorean debacle, illustrious names from the established motor industry are a somewhat devalued currency in terms of attracting investor interest in sports car projects – even if the total £740,000 funding for the project is rather less than 1 per cent of the total amount swallowed by De Lorean.

For that reason the business plan drawn up by Mr Capolongo and his colleagues deliberately sets modest targets in terms of sales and production to accompany what they claim is modest financial risk.

The company should be able to break even on annual sales of 100 of the £18,000 sports cars, have adequate profits at 200 and be "extremely profitable" at the 500 a year which is the ceiling envisaged for the short-term future.

Ecosse says they have 60 provisional orders, production will start early next year and a dealer network is already being set up. It hopes to break through the 500-a-year level at the end of the third year of production, reaching nearly 700 by year five.

Mr Capolongo identifies a number of factors which he says separates Ecosse from the usual run of small specialist sports car projects.

Mr John Parsons, Ecosse marketing director, another ex-Ford executive and the originator of the project, bought the assets of the failed AC (Scotland) company and the rights to the car two years ago for £300,000. About £1m had already been put into the car's development, which was almost complete. Although the car is being changed considerably, much of the expensive development work has been funded by the collapsed company's investors.

What killed the Scottish concern, as so many other sports car ventures, says Mr Capolongo, was the large investment made in acquiring and equipping a factory to build the car. Carrying such a high overhead, with no cash flowing, is the classic disaster recipe, he says.

Ecosse's solution is simply to contract out production of the entire car, leaving as its principal overhead a small product design and development, administration and marketing facility, based at Knebworth in Hertfordshire.

The approach is by no means as outlandish as it sounds, and is used by Ford and other manufacturers. All 200 of the Ford RS200, a £50,000 mid-engined "supercar" launched by Ford several years ago were built not by Ford but by Reliant Motor Company at its plant in Tamworth, Staffordshire.

According to Mr Backinsell, about half a dozen companies are tendering to build the Ecosse.

Given the corporate cultural background of Ecosse's management team, it is not surprising that precise costings are at the top of the list of priorities.

The car has the same power-weight ratio and performance as Porsche's 150mph 944 Turbo, the company says. Three quarters of its cost, excluding assembly labour, is made up of bought-in components. Engines and transmissions, to be supplied by Fiat on a fixed-price basis for the first 12 months, are based on those used in the Lancia Thema Turbo 2-litre saloon, although with higher power output.

Mr Capolongo concedes that Ecosse is essentially a Ford "old boys" affair brought about by John Parsons and for which he can think of no precedent.

What makes the venture even more unusual is that most of the senior directors are running businesses of their own and providing their services to Ecosse under contract, eliminating many employment formalities and overheads.

Mr Capolongo, for example, who will be non-executive chairman on a retainer, is chairman and major shareholder in Bilcor Plastics of the US, a large GM components supplier and chairman or director of several other US companies. He says that he left Ford "mainly because after 30 years I wanted to shake off the 'golden handcuffs' and do the entrepreneurial thing on my own account."

Cambridge GEC lab shelved

By Peter Marsh

GENERAL ELECTRIC Company, the British electrical and electronics concern, has shelved plans to build a £10m research laboratory in Cambridge. The company will decide in about three months whether to proceed with the project.

Mr Derek Roberts, GEC's deputy managing director, said yesterday that the deferral of the scheme had resulted from changes over the past year affecting GEC's requirements for research.

One such change has been the announcement of a collaborative telecommunications venture with Plessey, which might lead to more of GEC's telecommunications research being done in the new joint company.

Other changes that may affect GEC's research needs include the abandonment of proposed joint commercial ventures with Plessey in gallium-arsenide semiconductors and with Philips of the Netherlands in medical-imaging equipment.

Last year GEC bought eight acres on Cambridge's science park for the laboratory. It was to have been constructed by the early 1990s and to have employed eventually up to 600 people.

Mr Roberts said that, under GEC's original plan, a start on the building would already have been made. He said the decision on whether to proceed with the research centre might go either way.

GEC employs about 2,000 researchers in its two main laboratories in Wembley, north London, and Great Baddow, near Chelmsford. GEC employees working on all forms of research and development total 25,000 people.

Mr Roberts said the company had no plans to reduce its number of research staff, although it anticipated a trend in which staff in research and development would gradually move to commercial environments as their work matured.

In 1986-87, the last year for which figures are available, GEC spent £750m on research and development, of which about two fifths came from its own resources and the rest from other sources, mainly the Defence Ministry.

Mr Roberts said the proportion of GEC's total research and development bill met by the company's own resources had increased in recent years from about 33 per cent in 1982-83.

Growth of 2.9% predicted with small drop in unemployment

BY RALPH ATKINS

THE BRITISH economy will grow by 2.9 per cent this year but there will be only a modest fall in unemployment, the latest compilation of independent forecasts published by the Treasury predicts.

Averages of 11 independent forecasting groups suggest that the UK economy will grow more slowly than last year but still faster than most other European countries. For 1989, the compilation shows UK growth of 2.1 per cent.

Unemployment is projected to fall to 2.43m by the last three months of 1988 and then rise to 2.49m by the last quarter of next year. That is only slightly below the present level of about 2.5m.

The forecast for Britain's current-account deficit of £4.5bn this year broadly matches the Treasury's own forecast, published with the Budget, of £4bn. For 1989, however, the independent economists forecast a deficit of £5.4bn against a Treasury prediction of £4bn.

The independent forecasts of the Public Sector Borrowing Requirement this year are also similar to the Treasury's. The average of independent forecasts shows a net repayment of debts totalling £2.6bn compared with a Treasury forecast of a £3bn repayment.

However, the independent economists are less optimistic than the Treasury about next year. The compilation points to a near-balanced budget with PSBR figures showing a net debt repayment of £800m. That compares with a Treasury forecast of a £3bn repayment for the same year.

For retail price inflation, the average of independent forecasts predicts a rate of 4 per cent this year rising to 4.6 per cent in the following year.

Accountancy firms agree £16m merger

BY RICHARD WATERS

TWO MEDIUM-SIZED accounting firms, Baker Rooke and Howard Tilly, are to merge on July 1, creating a firm with projected fee income of £16m in the next year.

Such mergers among accountants were common in the earlier part of the decade with the creation of firms such as Moores & Rowland and Hodgson Impey but have been less in evidence recently.

The merger, like earlier cases, is intended to create a unit with enough muscle to develop a range of specialist services for mainstream audit clients.

Howard Tilly has a range of management consultancy services, while Baker Rooke has moved into personal financial planning, said Mr Richard Blake, senior partner of the new firm which will be known as Baker Tilly.

"Together, we can achieve economies of scale and better value for money in training and recruitment," he said.

The merger will also act as a catalyst in the creation of a more structured management team, said Mr Clive Parritt, managing partner of the new team.

Baker Rooke and Howard Tilly, each with fees last year of about £7m each, earn more than half their income in London and have offices across the country.

The firm will have 64 partners and more than 500 other staff. It will be about the 20th-largest accountancy firm in the UK.

Tenders invited for £50m Manchester rail system

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

TENDERS WERE invited yesterday for phase one of Britain's first light rapid transit (LRT) system in Greater Manchester. The £50m system will operate from Altrincham in the south to Bury in the north, with trains running through Manchester city centre streets like trams.

The system is expected to revolutionise public transport in the area, linking formerly separated Victorian rail termini and reducing journey times across the conurbation, which is home to 2.5m people. It will also link Manchester's rapidly growing financial and commercial centre with shopping and leisure areas.

A wider network will be developed after the initial Bury-Altrincham stage is under way. It has not yet been decided whether the next four phases will be subject to additional, separate tenders.

The phase one contract will be for design, construction, operation and maintenance. Operation will be for a fixed term yet to be decided, but probably 25 years. The Government approved the scheme this year, subject to private-sector involvement.

The system will remain under the ownership of Greater Manchester Passenger Transport Executive, which is advertising for tenders.

The existing rail network will be used to get trains from the suburbs into the main stations of Piccadilly and Victoria. The specially designed light, electric trains will cross the city centre between those termini on rails to be laid in the roads, calling at four small new stations en route.

The trains will run at between 50mph and 60mph on existing rail lines, but at normal traffic speeds on city roads. Work is expected to start next year and the first trains should be in operation three years from now.

Gould seeks monopolies probe into BT

BY DAVID THOMAS

MR BRYAN GOULD, Labour's Trade and Industry spokesman, yesterday called on the Office of Telecommunications to refer British Telecom to the Monopolies and Mergers Commission as part of its current review of BT's pricing policies.

Oftel is the industry's regulatory body. It has been considering the future of the formula that constrains price changes for British Telecom's main services to 3 percentage points below the increase in the retail price index.

Mr Gould yesterday wrote to Professor Bryan Carsberg, Oftel director general, saying the present formula had not put sufficient pressure on British Telecom to keep down costs and prices.

He said it had shifted too much of the pricing burden on to domestic customers and that further assurances were needed about British Telecom's quality of service.

Mr Gould said a reference to the commission was one way "of assuring the public that their concerns have been properly taken into account."

Reference to the commission is the means for resolving disputes between Oftel and British Telecom.

Prof Carsberg has recently been less inclined to suggest that his review would culminate in a reference to the commission.

Last year at one stage he described a reference as a near certainty.

Jaguar agrees £14m deal with Chausson of France

BY JOHN GRIFFITHS

JAGUAR CARS plans to shun UK industry in favour of a French connection for developing much of its product and production engineering.

The company has signed a £14m body tooling order with Chausson, a French engineering consultancy group, and says it hopes the order will be the start of long-term co-operation with Chausson.

The arrangement is expected to cover Jaguar's requirements "into the next century" for body design, prototype development, tooling design and manufacture, process engineering and quality control.

Jaguar said last night it had sought to meet its requirements in the UK, but that had been impossible.

"We go through a rigorous process of selection, and look in our immediate environment as a matter of course," it said. "But our decisions are motivated solely by obtaining the highest quality product and Chausson stood out."

The decision is likely to be seen as a blow to the prestige of the UK's engineering consultancy sector, which includes Group Lotus, International Automotive Design, March Engineering, Cosworth and Hawtal Whiting.

The body tooling order is for a saloon car project. Jaguar is known to be planning derivatives of its XJ6 saloon as well as an all-new sports car, the F-Type, planned for 1992-93.

It could be expected to use Chausson to play a significant role in their design and development, in the same way that West German coachbuilder Karmann was used in the development of the XJ-S convertible, just launched.

One consolation for UK industry is that Jaguar recently announced a joint venture with GKN, Venture Pressings, to provide Jaguar with body pressings.

Jaguar's chairman and chief executive, Sir John Egan, said last night that "through collaborative ventures such as this... we are aiming to maximise the quality of our body panels and achieve productivity gains at the same time."

Pirelli to invest £100m as profits rise

By John Griffiths

PIRELLI, the Italian tyre and cables group, is to invest a further £100m in its UK subsidiaries over the next five years.

Mr Sandro Veronesi, managing director, said yesterday that the bulk of the investment would be made in Pirelli UK's tyre operations, which are the most efficient of all Pirelli's plants worldwide.

Pirelli's disclosure, marking another stage in the recovery of the UK tyre industry over the past two years, comes 24 hours after Michelin, the French tyres group, announced plans to invest £13m in its tyre operations in Northern Ireland to increase output by 15 per cent.

Mr Veronesi's remarks coincided with Pirelli's UK offshoot disclosing a 32.5 per cent rise in pre-tax profits on its tyre operations, from £7.7m to £10.2m.

Mr Veronesi, who took over Pirelli's UK operations when their losses had reached a peak of £12m in 1982, said he expected tyre profits to rise even more sharply this year than during 1987.

However, Pirelli General, the UK cables subsidiary saw its pre-tax profits fall to £7.89m from £9.39m and reduced profits in other activities saw the UK group's profit before tax and exceptional items reduced to £18.2m from £19.2m.

Mr Veronesi said the investment was aimed at improving productivity and quality as well as expanding Pirelli's current UK output of about 8.5m car and truck tyres a year, about 40 per cent of which are exported.

The £100m figure compares with total investment of about £35m over the past five years.

Pirelli employs 7,500 people in the UK and about 60 tyre-making jobs have been added in the past year.

The company claims a 20 to 21 per cent share of the 6m-tyres-a-year original equipment car tyre market in the UK, and a 13 per cent share of the 11m-tyres-a-year replacement sector. It claims a 4 to 5 per cent share of the original tyre market for trucks.

Lucas battery link with Yuasa

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

LUCAS INDUSTRIES automotive and aerospace components group is to set up a venture with Yuasa, the Japanese battery maker, to run Lucas Electrical's car-battery plant in Birmingham.

The deal is expected to be completed by July. It will give Yuasa, a world-leading battery company, a 50 per cent stake in the plant for a sum yet to be disclosed.

The move is in a series of disposals marking Lucas's gradual withdrawal from low-margin mature technologies into components with higher added value.

This year it completed its withdrawal from the automotive-lighting business by selling its 40 per cent stake in Fausto Corello, the Italian car-lighting group, to Fiat, the Italian car maker.

Lucas's car-battery plant at Sparkhill, Birmingham, employs 550 people. Heavy losses in the early-1980s brought severe cuts in the workforce and at one time the plant's future was in doubt. It is now believed to be profitable.

Yuasa has a battery plant in Ebbw Vale, South Wales. It also operates a battery-making venture with Lucas in Argentina. Lucas yesterday said the Birmingham deal would be a logical extension of that arrangement.

It said: "The battery operation is not a core business for the future. Although it is profitable, in order to make it a really viable business in the longer term we need more access to advanced technology and we need to invest more money into it.

"We think doing a joint venture with one of the biggest battery makers in the world is the most sensible way of achieving that."

The Birmingham plant seems likely to be run as an autonomous unit headed by three directors from each of the two parent groups. The deal is not expected to cause redundancies.

Aveling Barford to cut 300 jobs

BY NICK GARNETT

AVELING BARFORD, the earth-moving machinery maker at Grantham, Lincs, is shedding 300 jobs, a third of its workforce, in a reorganisation.

The company, bought from BL in 1983 by US and Singaporean investors, employed 1,100 people in 1985. After a tough year in 1986 it started shedding staff.

Its range includes dump trucks, wheel-loaders and compactors.

Yesterday it said the latest cuts, phased over the next five months, would be mainly among white-collar staff.

The cut reflected unnecessary manning built under BL ownership. Methods instituted by BL had become "increasingly inappropriate."

That is believed to refer to the design and finance departments as well as marketing, for which Aveling now has better staff support overseas.

The company's total employment will fall to 580 after the latest cuts. It is believed to have produced just over 500 vehicles last year and indicated that output would be higher this year.

In February, Aveling announced a selling and production deal on wheel-loaders and dump trucks with Kawasaki Heavy Industries of Japan.

● Sauer-Sundstrand, the US-West German engineering group, is rationalising UK production.

It is selling its Lincoln-based hydraulic-motor business to Brittish Engines which will transfer the business to BE's plant in Newcastle upon Tyne and close the Lincoln facility, leading to a net loss of 65 jobs in Lincoln.

Michael Dixon on the findings of an inquiry into grammar teaching

Speaking the Kingman's English

ALL CHILDREN in the UK have a right to be able to use standard English, regardless of their racial or regional origins, and schools have a duty to enable them to do so, says the Kingman Committee on the teaching of English in a report published yesterday.

The report states: "... we must spend time in English classes examining words and how each contributes to the meaning of a sentence. We need to put pupils into situations where they are bound to reflect upon the complex associations of words themselves and to value words not just as currency – the small change passed between individuals in order to communicate easily – but as powerful aids to thinking."

The 15-member committee led by mathematician Sir John Kingman, vice-chancellor of Bristol University, was set up last year by Mr Kenneth Baker, Education Secretary. It was asked to decide whether schools should put more emphasis on teaching grammatically correct English rather than focus on the versions of the language pupils use in everyday life.

The report's prime conclusion is that primary and secondary schools need to pay more attention to the standard version, and to ensure that pupils understand and are skilled in the rules for its use. Lessons should cover speaking and listening as well as reading and writing, the document says.

It specifies various levels of skill and understanding which children should have reached by the ages of seven, 11 and 16, and recommends national tests at each of those ages to assess the skills pupils have mastered.

Mr Baker said the recommendations were to be developed in detail by a working group led by Professor Brian Cox, pro-vice-chancellor of Manchester University, a member of the Kingman Committee. Prof Cox was one of the editors of the "Black Papers" on education published in the early 1970s, which spearheaded criticism of the previous decade's vogue for "permissive" teaching methods.

While calling for more attention to the rules of standard English, the Kingman report rules out a return to old-fashioned grammar teaching and learning by rote. The necessary skills and understanding must be communicated through the medium of the language pupils actually use "rather than through exercises out of context."

The report emphasises that

Sir John Kingman: Support for regional pronunciation

correct English is not any less correct for being spoken with a regional or foreign accent. Standard English itself originated in the east Midlands dialect in which Caxton's first books were printed. "... speakers may be rightly proud of their regional pronunciation, which identifies where they come from."

It should be made clear to all pupils that English is not superior to other languages that classmates of different racial backgrounds may use at home. Secondary schools should develop co-ordinated policies where foreign tongues as well as English are taught on the same principles.

However, it is important that children learn to use the standard version in addition to the one they commonly speak, because standard English can lead them "beyond their everyday experience" into understanding unfamiliar concepts and having new thoughts which would otherwise be denied to them.

Consequently lessons must include the reading of historical literature as well as books with present-day settings. Examples named in the report include both historic and modern versions of the Bible and Book of Common Prayer, Dickens's Bleak House, Milton's sonnet on his blindness, and James Joyce's Portrait of the Artist as a Young Man.

The committee also emphasises that the necessary improvement to pupils' learning depends on teacher training, and teachers of all subjects should have to complete a course in the use of standard English.

Report of the committee of inquiry into the teaching of English language. HMSO, £4.50.

French bank offers mortgages

By Richard Waters

CREDIT AGRICOLE, one of the largest French banks, has entered the mortgage market in association with M&G, the unit trust group.

This is an important development in the plans of Credit Agricole, which claims 28 per cent of the French mortgage market, to expand into retail financial services across Europe.

It has credit card and loan operations in Italy and Spain but this is its first non-French mortgage operation.

Mr David Kingsmill, assistant general manager in London, said: "The UK is the most sophisticated mortgage market in Europe. If you call yourself a major retail bank, you have to be here."

M&G will market two mortgage products, funded by Credit Agricole, through the 3,000 intermediaries with whom it does regular business, as well as through other firms such as mortage brokers, lawyers and accountants.

The interest rate on the standard repayment mortgage is 9.5 per cent, as with most other lenders.

The flexible mortage, which allows borrowers to vary repayments within certain boundaries, attracts interest at 10.1 per cent.

Mr Kingsmill said Credit Agricole's next move in the UK was likely to be marketing further mortgage products through other agents. It may also launch a credit card, although no particular arrangements are yet in place, he said.

New group structure for TSB

BY DAVID LASCELLES, BANKING EDITOR

TSB GROUP yesterday announced a new group structure after its acquisition of Hill Samuel, the merchant banking group, and Target, the unit trust company, last year.

The structure is intended to redistribute the strengths of those parts of the group while capitalising on their market names and reputations.

The changes, made with the help of McKinsey, the management consulting firm, were approved by the board this week at a meeting attended by Sir Nicholas Goodison, the Stock Exchange chairman who is due to take over as chairman of TSB.

Sir John Read, the present chairman, said the plans would strengthen the bank's position as a dominant player in the UK financial services market by enabling it to focus on key markets, co-ordinate its strategies and save costs.

For political reasons, TSB's operations in Scotland, Northern Ireland and the Channel Islands will not be affected by the changes.

Two business groupings are being created, one for banking and one for insurance and investment services.

A bank holding company is being created with Mr Don McCrickard, deputy managing director of TSB as its chief executive.

It will have two divisions. The first, retail and personal under managing director Mr Leslie Priestley, will comprise TSB England and Wales, Trustcard, Mortgage Express and Hill House Hammond.

The second, corporate banking under Hamish Donaldson, will contain Hill Samuel, Noble Lowndes and Wescol. TSB's push into the corporate banking market will be led with the Hill Samuel name because of its higher standing and superior client list.

The insurance and investment services grouping, which has Mr David Thorn as chief executive, will run TSB Trust Company and the unit trust operations of TSB, Hill Samuel and Target.

The group will have £17bn under management, making it the second largest in the UK after M&G, according to TSB.

Individually, the three components rank seventh, eleventh and sixteenth respectively.

A third group comprising TSB's existing finance house and car rental business will be responsible for TSB's commercial holdings.

Although the shape of TSB might be affected by acquisitions, Sir John said he expected the basic structure to provide the pattern for the future. He said "time will tell" what further purchases TSB might make.

Cellnet flotation option under review, BT says

BY TERRY DODSWORTH

BRITISH TELECOM is keeping the option of a separate flotation for its Cellnet mobile car telephone business under review, Mr John Carrington, director of the group's Mobile Communications subsidiary, said yesterday.

His comments follow the announcement that Racal, the UK's other licensed cellular network operator, is to spin off its Vodafone mobile telephone division as a separately quoted company on the Stock Exchange.

The Racal decision has raised intense speculation over the valuation of cellular telephone assets, with tentative figures of between £1.2bn and £2bn put on the Vodafone network.

Mr Carrington refused to give an estimate of Cellnet's value, but he indicated that the financial performance of the BT company was in line with Vodafone's. In the 1988-89 financial year, Vodafone is expected to make pre-tax profits of about £75m on turnover of more than £200m. Some of that will be contributed by non-cellular activities.

Cellnet's business is slightly smaller than Vodafone's, accounting for about 47 per cent of the total subscriber base of about 300,000 in the UK. Mr Carrington claimed, however, that the company was growing faster than Vodafone.

After a surge in the shares of the mobile phone providers after the Vodafone announcement, prices fell back yesterday, with Racal down by 2p to 317p, and British Telecom down by 1p to 248p. The A shares in Securicor, which owns 40 per cent of of Cellnet, fell by 3p to 302p.

House starts 'at 15-year record'

By Andrew Taylor

THE PRIVATE house building boom shows no sign of slackening, according to figures published yesterday by the National House-Building Council.

The council says that private house builders started work on 56,400 new homes in the first three months of this year, the highest first-quarter figure for 15 years.

Mr Basil Bean, the council's director general, said the high building activity in south-east England had spread to other regions, including East Anglia and the north.

Private-sector starts during the first three months were were 21 per cent higher than in the first quarter of last year, said Mr Bean.

The continuing high level of house building has been boosted by good weather

A.H. Hermann on the legal implications of the Gibraltar documentary

Outside the reach of contempt law

THERE IS little doubt that the screening on Thursday night of the Thames Television documentary Death on the Rock – as well as most of the newspaper reports on the killing in Gibraltar of three suspected IRA bombers by men believed to be SAS officers – could be held to be in contempt of a coroner's court in the UK.

However, the inquest on the three deaths is to be held in Gibraltar, outside the reach of the UK law of contempt. The authorities seem to have concluded correctly that if persuasion fails, as it has, they will have no legal means of stopping such publication in any media.

One can argue, as the Government seems to, that in the absence of a legal duty, the media should feel honour-bound to exercise the same reticence which the law would oblige them to adopt if the inquest were held in the UK.

There is some force in this argument, as the outcome of the inquest is of great significance not only for British and Irish politics but also for the possibility of criminal prosecution in the UK, should it be decided that the killings were unlawful.

If the inquest were held in the UK, the screening on television of the statements of alleged or potential witnesses would fall under the provisions prohibiting publication of anything capable of distorting the course of justice by influencing the jury.

The testimony, presented in isolation from other evidence, in the absence of examination and cross-examination, is considered capable of fixing in the mind of the jury certain preconceptions.

The 1981 Contempt of Court Act, aimed at bringing UK law in line with the requirements of the European Convention of Human Rights, introduced the concept of "strict liability" for publications creating a "substantial risk that the course of justice in the proceedings in question will be seriously impeded or prejudiced."

That means that such conduct may be treated as contempt of court even if there was no intention to interfere with the course of justice. In such cases severe sanctions can hit editors and publishers – or producers – unless they can prove that at the time of publication they had no reason to suspect that proceedings were under way.

Those considerations would become relevant if proceedings connected with the Gibraltar events were to be initiated in the UK.

Two situations are possible. In the first, those held responsible for the killings might be indicted and tried in the UK for some criminal offence. In the second, associates of the killed IRA members might be prosecuted, either as accessories to whatever the dead men and girl attempted, or for another criminal activity on which the Gibraltar events had a bearing.

Even then, the strict liability rule would not apply to a fair and accurate reporting of legal proceedings taking place in public and published at the time and in good faith. An inquest taking place in Gibraltar would presumably fall under this exception.

Another exception to the strict liability rule is the exemption of media publication undertaken in good faith as part of discussion of public affairs, if the risk of prejudice to legal proceedings is merely incidental to the discussion.

It is important to note that previously a publication could be in contempt as soon as proceedings became "pending or imminent." The 1981 Act is more specific in respect of strict liability. This applies only when a person was charged, arrested, or a warrant for arrest was issued.

The Irish Government yesterday joined the row over the television documentary about last month's killings, writes Kieran Cooke.

It said it was deeply concerned "that three unarmed Irish people suspected of being involved in serious crime should have been shot when it appears from reports they could have been arrested."

The Government condemned all forms of violence and recognised the necessity for the security forces to take measures to combat terrorism, but "the rule of law must be paramount in a civilised society if the state is to retain its moral authority," a statement said.

Mrs Margaret Thatcher yesterday made clear her anger at the decision by Thames Television to go ahead with transmission of the programme.

She said: "Trial by TV or guilt by association is the day that freedom dies."

In Gibraltar, a judge banned local media from reporting any evidence on the March killings until the inquest was over.

Bank relocates Registrar office

THE BANK of England is to transfer its City of London-based Registrar's department to Gloucester as an economy measure.

About a quarter of the present staff of 760 will go to Gloucester, and between 110 and 150 jobs will be lost in the move.

The Bank intends to let out the 100,000 sq ft of space the department occupied in its New Change building for about £50 a sq ft.

The department maintains the register of 2m investors in gilt-edged stock.

Four remanded on insider deals charges

FINANCIAL TIMES REPORTER

THREE former employees of Touche Ross, the accountancy firm, who are accused of insider dealing, were remanded until June 9 by Guildhall magistrates yesterday.

Mr David Holyoak, a senior manager, and Mr Arthur Hill and Mr Ian Mori, both assistant managers, have been jointly accused of an offence under the 1985 Company Securities (Insider Dealing) Act.

The offence relates to alleged dealings in the shares of Press Tools, the engineering group, on August 5 last year.

● Mr Jonathan Greenwood, a former share dealer, who has been charged with two insider dealing offences, was remanded in custody for a further week by Horseferry Road magistrates court yesterday. He is alleged to have used price-sensitive information from his sister, Mrs Sara Coren, a civil servant, to deal in shares. Mrs Coren had previously been bailed until June 10.

APPOINTMENTS

Courage managing director

Mr Michael Foster becomes managing director of COURAGE on May 1. He succeeds Mr Peter Bartels, who is also chief executive of the Elders Brewing Group. Mr Bartels will concentrate on the development and implementation of strategy for the Elders worldwide brewing business. This currently involves Courage in the UK, Carlton United in Australia, and Carling O'Keefe in Canada. Courage became part of the Elders IXL Group in 1986. Mr Foster joined Courage in 1983 from Colgate Palmolive. For the past two years he has been managing director of the company's trading arm, a post he will retain.

★

Mr Bob Ashley has been appointed a non-executive director of RODIME. He was vice president and general manager of TRW Communications Group.

★

Mr John C. Conacher has been appointed divisional chief executive of the American division of HALMA. He is president of the group's American holding company, Halma Holdings Inc.

★

Mr John Lear has been promoted to operations director of RANK MOTORWAY SERVICES from operations executive. Mr Clive Lewis becomes finance director from financial controller, and Mr Rhett Vallally becomes director of marketing from sales and marketing executive.

★

Mr John Macphail, chairman of HIGHLAND DISTILLERIES and of its principal subdidiary Matthew Gloag & Son, plans to retire on October 14. Mr John Goodwin, managing director of both companies, will succeed Mr Macphail as chairman. Mr Brian Ivory will become managing director of Highland Distilleries. Mr Andrew Kettles and Mr Alick Sherrif will become joint managing directors of Matthew Gloag & Son. Mr Kettles has been appointed to the board of Highland Distilleries, and Mr John Byers, finance director of Highland Distilleries, joins the board of Matthew Gloag & Son.

★

Mr Norman Ellis has been appointed director and general manager of Hamworthy Combustion Systems; he is the first Hamworthy apprentice to become a director. Mr Roger Lanary becomes director and general manager of Hamworthy Heating. Both are HAMWORTHY ENGINEERING companies.

★

Mr Philip R. Cox has been appointed group finance director of the BURNS-ANDERSON GROUP. He was group finance director of Horne Brothers.

★

Mr Geoffrey Mainwaring has been appointed divisional director of BARCLAYS BANK's corporate division from May 3. He was regional director of the London north western region, and succeeds Mr Paul Borrett who is retiring.

★

Mr J.C. McCullough has been appointed director and general manager of KONTAK HYDRAULICS, Grantham. He was sales director of Kontak Manufacturing. Both companies are subsidiaries of the EIS Group.

★

Mr William Casey has been appointed chief executive, and Mr Michael Mainelli director of information technology at BINDER HAMLYN MANAGEMENT CONSULTANTS.

★

Mr Alan Willett, chairman of WILLETT INTERNATIONAL, is relinquishing his operating role.

Mr Michael Foster, managing director of Courage

Mr Chris May has been appointed group managing director. He was group director commercial and operations. The group has been reorganised into two operating divisions. Mr Mike Fox has been appointed managing director of the UK manufacturing division, and Mr Mike Ashley managing director of the UK sales division.

★

Mr Tim Elster has been appointed human resources director of the PARKFIELD GROUP. Mr Stan Keyworth becomes managing director of the manufacturing division; he was with Hawker Siddeley. Mr Andrew Calvert has been appointed director of planning; he was assistant treasurer of Esso U.K. Mr Brian Turner has retired, but becomes a part-time consultant. Mr Frank Tilston retires.

★

Mr David Dickinson, director, legal services, Union Bank of Switzerland (Securities), and Mr John Russell, associate director, corporate finance, Merrill Lynch Europe, join SIMMONS & SIMMONS as partners on June 1.

★

Mr Tony Hopgood has been appointed marketing and technical director of FERRANTI COMPUTER SYSTEMS, a new post. He was general manager of the Bracknell facility.

★

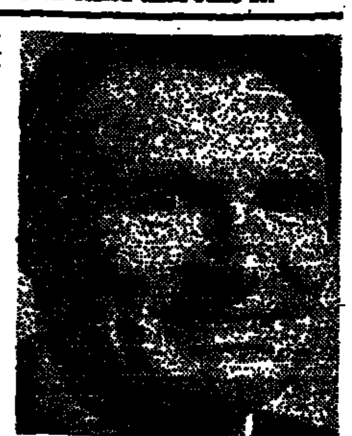
MOWLEM BUILDING has appointed two contract directors. Mr Ashley Boddy, responsible for the London area, joins from Ashby & Horner, where he was managing director. Mr John Jubb, with responsibilities for the northern home counties region, joins from Tarmac Construction, where he was an area director.

★

Mr Jeremy Jewitt, head of the UK corporate banking group of THE CHASE MANHATTAN BANK, has been appointed managing director of the newly-formed multinational client group. Mr Oliver Greene, formerly with Bankers Trust, has been appointed managing director of the UK corporate finance unit.

★

SHANDWICK CONSULTING GROUP has appointed Mr Robin Callender Smith as company secretary and director of legal affairs.



Mr Giles Pitman has been appointed an executive director of the REALLY USEFUL GROUP, becoming group finance director and company secretary. He was group managing director of Pitman, now a subsidiary of Longman, part of the Pearson Group. He is also a non-executive director of MGM Assurance, and Bath Press, and deputy chairman of the Pitman Examination Institute.

Willis condemns market share trade unionism

BY PHILIP BASSETT, LABOUR EDITOR

MARKET SHARE trade unionism, with individual unions competing directly with each other for a larger share of a dwindling overall union membership, cannot be the way forward for unions in Britain, Mr Norman Willis, TUC general secretary, said yesterday.

Mr Willis' remarks, to the Wales TUC meeting in Llandudno, are a direct rebuttal of the increasingly sharp inter-union conflicts for members which were seen at their most acute in the Ford Dundee affair.

The TGWU transport and AEU engineering workers' unions, were the two unions principally involved in the row over Ford's single-union deal with the AEU for its proposed plant at Dundee. The row led Ford eventually to abandon its plans for the plant. The two unions agreed privately not to raise the Dundee issue at this week's conference.

Mr Willis said that Dundee starkly illustrated the problems facing the TUC, but said he wanted to reach beyond the "heroes and villains" of Dundee to what he said was the widespread feeling that the unions should do something to ensure that they never again find themselves in such a position.

He was speaking in advance of a key meeting next month of the TUC's review body on union behaviour and such issues as single-union deals.

He said employers could play one union off against another at the expense of the workforce. Inter-union competition could be healthy, acting as a spur to recruitment and the development of services for members, but the unions had to find a process to regulate excess competition between themselves.

He said: "Competition for members can turn from being a healthy force for growth into an ugly disease eating into the well-being of the movement as a whole, if the cynical values of the unregulated market-place take hold."

In a reference to the beauty contests before employers to obtain single-union agreements, he said that ruthless competitive underbidding, on standards or conditions, setting one union against another, would weaken the trade union movement as a whole.

Competition could deliberately magnify differences at the expense of common purpose: "Market share trade unionism, with individual unions only motivated by getting a bigger share of an ever-diminishing total membership, is not and cannot be the way forward for the movement as a whole."

Warning that unions had to move into the "heartlands of non-unionism," Mr Willis said unions had to be careful that they did not become marginalised.

● Sharp criticism of the Government's £1.4bn Employment Training scheme for the adult unemployed was voiced at the Wales TUC yesterday, but because of forthcoming meetings with ministers on the scheme the conference held back from agreeing not to co-operate with the scheme.

Permanent deals for Weetabix casual staff

By John Gapper, Labour Staff

WEETABIX, the breakfast cereal manufacturer, has started hiring seasonal staff on permanent rather than temporary contracts in an effort to attract a sufficient number of the right quality in an area of below-average unemployment.

The move, which has been welcomed by Usdaw, the shopworkers' union, runs against trends within the labour market towards greater flexibility of staff and an increased use by many companies of temporary and contract labour.

Weetabix has hired about 50 process workers on three-month contracts for the summer over the past five years, but this year decided to offer the same number permanent positions at its factory in Kettering, Northants.

Mr Terry Briggs, managing and resources director, said the company had decided that it was worth hiring staff seasonally on permanent contracts because it had previously taken on most of its temporary staff at the end of the contracts.

He said the rate of unemployment in the area was about 8 per cent, and the company had found it difficult to attract high quality staff to cover seasonal shortages when offering only temporary contracts.

Weetabix, which recognises Usdaw, took the decision independently of the union. It was welcomed during Usdaw's annual meeting last week as an example of an employer providing better terms and conditions for staff.

Shortfall in scientific skills 'not general'

BY CHARLES LEADBEATER, LABOUR CORRESPONDENT

THE SHORTFALL in the numbers of scientists and professional engineers is well below that of skills shortages in the 1970s, and most shortages are specific to particular groups, companies and locations, according to a report published yesterday.

The report by Income Data Services, into pay, recruitment, training and skill shortages among engineers and scientists, says most companies face particular difficulties, which are not necessarily generally experienced.

The most frequently mentioned shortages are of electronic and electrical engineers, manufacturing systems engineers and designers, with skills specific to particular industries.

These engineers are often vital to a company's future development.

Employers in the South-east report more difficulties than those elsewhere.

The report says this is inextricably linked to the high cost of housing in the area, which creates an enormous obstacle to recruitment from outside the region.

The supply of young trainees has been constrained by the declining number of 18-year-olds, a shortage of teachers in key 'A' level subjects, too few students being attracted into engineering courses, and "poaching" of engineering graduates by unrelated industries such as financial services.

There are no generalised shortages among scientists, but intense competition for specialists, such as those in fibre optics or biochemistry.

The report identifies several responses companies have adopted to deal with these shortages.

Salary structures have been changed to give employers greater room for manoeuvre, particularly by increasing maximum scale points, to allow specialists to be paid more.

There has also been a move to market premium and merit related pay, to allow companies to recruit and retain key staff without disrupting established salary structures.

Among longer term strategies there is a growing trend for companies to form links with polytechnics and universities to influence courses and to offer sponsorship to students.

The report says there is some evidence that more employers are investing more heavily in training to update and upgrade the skills of their workforce.

The report says one underlying problem is that pay for professional engineers and scientists compares unfavourably with other managerial groups.

Government figures show for instance that marketing and sales managers are on average paid £369 per week, whereas engineers and scientists are paid about £267 per week.

IDS Study 408, Engineers and Scientists Pay, is available from IDS, 193 St John Street, London EC1V 4LS, by subscription.

BBC graduate engineers scheme 'good solution'

BY CHARLES LEADBEATER

THE BBC's strategy of turning arts graduates into engineers, which has entered its third year, could be an outstanding example of how companies could combat skill shortages among key groups of technical staff, according to a report published yesterday.

The report on the scheme by Income Data Services, the industrial relations research company, says the scheme seems to have been successful in providing the corporation with a much needed alternative source of engineers.

The corporation receives more than 1,000 applications a year from arts graduates for special engineering training conversion courses.

The basic requirements the corporation needs are 'O' levels in mathematics, physics and english language. In addition it examines four factors.

● The applicants' personality, in particular whether they have an inquiring mind. Applicants are also screened for their ability to take and give orders.

● The potential trainees have to show a high level of motivation: the corporation is particularly interested in trainees who feel they made the wrong choice of course at university.

● Technical awareness has to be displayed through hobbies or other interets.

● The trainee has to show strong evidence of being a rapid learner.

Equal pay laws 'leading to revised pay structures'

BY JOHN GAPPER

LEGISLATION guaranteeing equal pay for work of equal value is "slowly but increasingly" leading to negotiations on revised pay structures, and the introduction of job evaluation schemes, according to a recent report.

Despite the backlog of claims which have built up as judgements are awaited in test cases, the report by Industrial Relations Services, a pay research group, finds that very few claims are being settled out of court.

It says some unions are likely to use mass tribunal applications as back-up weapons in attempts to negotiate revised pay structures, following the example of claims by NHS speech therapists.

Equal value principles are said to have been taken into account in reviewing pay structures.

The report says a new job evaluation scheme was jointly devised by management and union representatives at the charity Save The Children after the system devised by Hay-MSL, the management consultants, was deemed unsuitable.

New pay structure and job evaluation schemes are still in their early stages. A new grading structure is to be implemented in the lace-making industry later this year following a job evaluation exercise.

Pay and Benefits Bulletin 207; Industrial Relations Services, 18-20 Highbury Place, London N5 1QP; By subscription.

Lloyds Bank to pay rejected 7% rise

BY OUR LABOUR STAFF

LLOYDS BANK is to increase the salaries of its clerical staff by 7 per cent this month despite the rejection of the offer by one of the unions it recognises. The bank will continue negotiations over the settlement.

Lloyds said yesterday that the payment of the increase did not mean that a settlement was being imposed in the way that a 5 per cent deal was imposed last year in three major clearing banks – a move which led to industrial action.

It said negotiations would continue with its in-house union. The union's members balloted against acceptance of the offer after leaders argued that it did not compare favourably with settlements at Barclays and National Westminster.

The settlement was accepted by 13,000 members of the Banking, Insurance and Finance Union, but rejected by colleagues in the Lloyds Bank Group Staff Union.

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A bad bill on US trade

THE TRADE BILL passed by the US Senate this week is a bad piece of legislation. Although it is considerably more moderate than at first conceived, the best course now would be for the President to veto the bill, for the veto to be upheld and for the new Congress to return to the subject after the November elections.

The bill formalises the introduction into US trade policy of systematic procedures to investigate the trade practices of other countries and to force the opening of markets under the threat of sanctions. Thus there would be a strengthening of bilateral pressure from the US which, however successful it might be in the short term, would be dangerously counter-productive in the long term. It would increase anti-Americanism and make liberalisation appear as a costly concession to others, rather than as part of a multilateral trading system from which all countries benefit.

The bill targets countries in strong trade surplus such as Japan, industries such as telecommunications and specific areas of trade policy such as government purchasing and the protection of intellectual property rights. If it becomes law, it is bound to heighten tensions in the trading system as a whole.

To many of the Congressmen who wrote the bill and to the businessmen who have been lobbying for it criticism such as this seems misplaced. They point out that the bill is not protectionist in the sense of restraining exports. It contains little, if anything, that is a prima facie infringement of the General Agreement on Tariffs and Trade. The sanctions it proposes are still hedged around with exemptions and waivers, even though the leeway available to the Administration in this respect is less than under present law.

These are not, however, arguments of particular comfort to America's trading partners. They are rightly worried that the US is assuming a unilateral right to decide when and how trade agreements have been broken and that the chances of their being able to avoid US sanctions are smaller than before.

It may be that some US actions under the bill will eventually be challenged successfully in the Gatt, an institution that traditionally scrutinises the implementation of trade law rather than its actual content. Meanwhile the policy mandated by the legislation is misguided because it tends to diminish rather than enhance the importance of the Gatt as an organisation dedicated to the resolution of trade problems through multilateral co-operation.

It could also rebound against the US by lessening the chances of international economic co-operation. Some trading powers may feel tempted to make matters worse by seeking to apply the same medicine to the US. The European Community, for example, already keeps a long list of what it regards as US impediments to trade.

The Reagan Administration has promised to veto the legislation, not because it particularly dislikes the provisions on trade but because of a clause – hardly the most damaging element in the bill – requiring all but the smallest companies to give 60-days advance warning of impending plant closures and lay-offs. The House of Representatives should be able easily to override such a veto, but it could be sustained in the Senate unless four of the 36 senators who voted against the bill on Wednesday can be persuaded to change their minds.

The prospect that the bill might be killed as a result of the plant closing provision is of little consolation to the international community. The risk is that some of the truly protectionist measures originally in the bill might be reinstated in subsequent debates on trade legislation.

The choice between allowing the bill to proceed in something like its present form and starting afresh next year is by no means clear-cut. There are those who argue that the bill will not do much damage to trade beyond that inherent in existing US law, that it will allow Congressmen to claim to have "done something" about trade and that the breathing space thus created will give the exchange rate shifts time to work through. Against that, the bill will last long after the present trade crisis has passed, and it comes at a time when there is supposed to be a standstill on protection among the parties to the Uruguay Round of trade negotiations.

The Trade Bill represents a perfect expression of the US view that if things are going badly it must be because others are acting unfairly. There is no evidence that the US trade deficit is caused by unfair practices abroad. It is true that the US needs to have negotiating authority for the Uruguay Round and that this bill provides it. But it might not be a bad thing if that authority had to be sought by the next Administration, so committing it to the negotiations: the delay would not be very great.

In short, even though the bill is not nearly as bad as it might have been and no doubt the rest of the world could live with it, it is still objectionable in many respects and potentially damaging to the world trading system.

Clive Wolman answers questions on Britain's new investor protection system which came into force yesterday

Still risks despite the rule books

Q: IS THE new regulatory structure fully in place?

A: No, there are lots of loose ends. Many rules will come into effect only over the next eight months and one of the most radical – the disclosure of commissions by life insurance companies – will take effect only in January, 1990.

Also, nearly half the investment businesses that have applied for authorisation by a self-regulatory organisation (SRO) have not yet had their applications fully processed and have been given the status of interim authorisation. The process of weeding out the more dubious, crooked or incompetent investment firms has barely begun. Even those firms which have been rejected – in secret – for failing the "fit and proper" test will be allowed to continue as interim authorised firms until the appeals procedure has been exhausted, which may not be before the end of this year.

Q: How great are the risks for the small investor during this transitional period?

A: The investor should not assume when dealing with an interim-authorised firm that the protection afforded by the system is substantially greater than it was under the old regime. In some respects the risks might be greater. Some firms which face rejection may try to extract as much money as possible from their clients before they are shut down. Although the Securities and Investments Board, the chief regulatory body, has far-reaching powers of intervention against such firms, some of the smaller miscreants may not be spotted in time.

Another risk is to investors who have bought non-Stock Exchange listed shares from fringe securities firms which may now be closed down, causing the informal markets in those shares to dry up. If the underlying companies are profitable, investors should still be able to find buyers for their shares, albeit with greater difficulty. The real risk is that the shares will turn out to be almost worthless.

The greatest embarrassment for the Government and regulators will come if a firm of any significant size becomes insolvent between now and August when the investors' compensation scheme is due to come into effect. Until then, the clients of such firms are at risk of losing their money.

Q: To whom should the investor turn if he suspects sharp practice or has a complaint?

A: If the investor is at all suspicious of a firm, he should consult the SIB's on-line register of authorised firms before parting with any money, either by contacting the SIB directly or by using a Prestel screen. The investor should check whether the firm has full authorisation to conduct the relevant line of business.

If the investor has a complaint about an authorised firm, he should go first to the firm itself and then to the firm's SRO. The investor can allow the SRO to investigate the complaint itself or he can submit it to the independent ombudsman or arbitrator attached to the SRO.

Q: Aren't all the regulations and procedures too long and complicated for anyone to understand, let alone the small investor?

A: Fortunately the small investor does not need to understand the detailed rulebooks of the SROs, any more than he needs to master the technicalities of the Theft Act to know when he has been robbed. The SIB has published a booklet, available free of charge on request, called Investors' Rights under the Financial Services Act, which explains simply the main rules and structure of the new system.

Q: Is the private investor and saver going to end up paying a lot more for financial services to cover the heavy costs of running the new system?

A: No one has been able to judge how much the new system is going to cost. Many of the changes, particularly those related to structures designed to avoid conflicts of interest and to record keeping, accounting systems and capital controls, would – or should – have been introduced anyway for sound commercial reasons. It is also difficult to predict now whether the new system will impose any further costs by restricting competition or product innovation. The most widely accepted estimate seems to be at least £100m per year in direct costs. But this is only a small amount of money, compared for example, with the £18bn a year that is paid in life insurance premiums.

It will be difficult at least at present for most firms to pass on any additional costs to the customer. Price rises are not a wise commercial policy to follow in a period when most of the financial services industry is suffering from chronic over-capacity. The new tougher rules on disclosure, particularly in the field of units trusts and life insurance, should have the effect of making customers more price sensitive and more able to detect previously covert methods of charging.

Q: Will the costs of the new system end up driving many small firms out of business, particularly the smaller stockbrokers and insurance brokers?

A: The introduction of the new system has already had the effect of speeding up mergers and the trend towards scale and consolidation in these industries. But such developments would probably have occurred anyway as a result of the influx of foreign banks, insurance companies and capital into the UK market prompted by the Stock Exchange's Big Bang reforms and the moves toward the European Community integration and liberalisation.

In some respects, the new regulations will favour the smaller operators by insisting on strict compartmentalisation – "Chinese walls" – between the departments of the large financial service conglomerates. It may also become easier for a new "fit and proper" entrant to win business, as the system will give its prospective customers a guarantee that their investments with the firm will be secure.

But the regulations have undoubtedly made life more difficult for the smaller insurance brokers and financial consultants. The fees for joining an SRO alone often amount to more than one per cent of turnover.

Some believe that in 10 years most of these small independent financial advisers, which number more than 10,000 at present, will have disappeared and most independent financial advice will be offered on a fee-paying basis through the banks, building societies and other large financial institutions.

Q: Do such developments mean a reduction in the competition between investment firms?

A: Not necessarily. The new regulations will alter the basis on which firms compete. But if they succeed in enhancing the ability of small investors to compare the services of different firms and their awareness of the different investment possibilities, it may strengthen and intensify competition.

Greater concentration in the financial advice industry may in any case prove a positive development. The banks and building societies, with their reputations at stake, should provide a better guarantee of quality than many, but by no means all, of the smaller firms. Such firms' advice to clients has long been characterised by their lack of understanding of many investment media. It has also been driven, in many cases, by the large commissions paid for finding a way of inserting a life insurance policy into every piece of financial planning.

One consequence of the new rules, in particular the provisions for commissions disclosure, will be to encourage the development of professional fee-based financial advice by many of these smaller firms.

Q: Are any of the international banks likely to relocate outside the UK because of the costs and restrictions imposed by the new system?

A: One of the main reasons behind London's growth as an international banking and Eurobond issuing centre in the 1960s and 1970s was because of its much lighter and more flexible regulatory structure – and tax rules – compared with those of the US.

For the last three years, the international banks in London have protested that the new regulatory regime would force them to Luxembourg or elsewhere in Europe. As a result of their lobbying, many of the provisions affecting international professional dealers and issuers of securities have been lightened. The burden will be lightened further if the SIB can persuade overseas regulators to exchange information with them on the capital-backing of foreign banks with UK branches conducting investment business.

But the amount of paperwork arising from purely inter-professional transactions that are being demanded by the regulators remains excessive, the banks claim, and the SIB and The Securities Association are under pressure to find ways of reducing it.

Q: Have we ended up with a system of self-regulation or of statutory regulation similar to that in the US – and does it matter?

A: As in the US, the UK has ended up with a subtle but complicated mixture of self- and statutory regulation. Self-regulation applies to the extent that practitioners have majority representation on the boards of the SROs and the SIB.

These organisations are also being financed by levies on investment firms, in contrast to the Securities and Exchange Commission in the US which is financed out of general taxation. The UK system thus puts an additional cost burden on City and other investment firms.

The danger is that the SROs will act more like trade associations than consumer protection agencies. For example, this week the Government forced independent brokers and advisers to disclose to their customers the commission that they earn from recommending particular life insurance policies. But the official response of the Financial Intermediaries, Managers and Brokers Regulatory Association, the SRO which covers the brokers, sounded as though it might have come from BIIBA, the industry's trade association. Lord Elton, Fimbra's chairman, said: "Members can see no justification for commission disclosure, arguing that it confuses investors rather than helping them arrive at a reasoned decision." The FIMBRA statement claimed that investors "may also believe that the best policy is the one which pays lowest commission, and ignore more important criteria, such as investment performance and overall expense."

Doubts must now be raised about Fimbra's willingness to draw up and enforce detailed rules for commission disclosure so that smooth-talking salesmen will not be able to sidestep them.

The other danger is that the SROs will enforce codes of conduct dictated by their largest members and use them to keep out new entrants with a different approach.

The main safeguard against such dangers is the powers given to the SIB to override an SRO. Although the internal morale and prestige of the SIB suffered when the Government decided to remove Sir Kenneth Berrill as chairman at the end of May, its new chairman, the Bank of England director Mr David Walker, is unlikely to be a push-over for the SROs.

Overall, has the transformation of the UK financial services sector benefitted the small investor?

The new regulatory regime is bringing far greater transparency to the sales of life insurance and unit trusts and less opportunities for taking unfair advantage of the investor. It is also bringing under control for the first time commodities and futures broking and dealing firms and greatly improving the regulation of non-Stock Exchange securities dealers. For clients of stockbrokers, the benefits are smaller and will be overshadowed by the cut in dealing costs when the new automatic execution facility and settlement system comes into effect over the next two years.

Man in the News

John Major

The rising star of the New Britain meritocracy

By Peter Riddell

JOHN MAJOR, the Chief Secretary to the Treasury, could be forgiven for looking somewhat distracted on Tuesday when piloting the second reading of the finance bill through the Commons. After a characteristically combative speech, he only had time to listen to the front-bench contributions since he was otherwise engaged in discussing the £100m concession on housing benefits announced the following day.

These days, Mr Major is at the centre of most of the Government's politically sensitive activities – negotiating the recent concessions on the community charge rebate and the nurses' pay award, and as a member of the health service review team. Part of this comes with the job of supervising public spending, but Mr Major has an added interest – as the coming man of the Cabinet.

After four years as a whip and social security minister, when his abilities were recognised mainly by Westminster insiders, in the last few months Mr Major has become a fashionable figure. He has been publicly praised by both Mrs Thatcher and Mr Nigel Lawson, Chancellor of the Exchequer, and has featured in several flattering profiles which have not found anything unfavourable to say about him. He has even been singled out by Mr Norman Tebbit, the new conscience of the Conservative Party, as his type of politician.

Such praise is dangerous for any minister. It attracts envy and criticism. Mr Gordon Brown, Labour's Shadow Chief Secretary, caustically noted in Tuesday's debate that Mr Major had been "marked out as the Cabinet's fastest-rising star since the Social Services Secretary" (the now beleaguered Mr John Moore). Yet, despite superficial similarities of background with Mr Moore, Mr Major is far from being the new rising hope of the Thatcherites. He is respected by the traditional One Nation Tories as well.

Admittedly, his career can be seen as an epitome of the new Britain. Born when his father – a one time trapeze artist and US baseball player – was 66, he grew up in two rooms in Brixton in south London. Leaving school at 16 he worked in an insurance company, as a labourer, was unemployed and then joined Standard Chartered Bank, where he worked closely with Lord Barber, the former Conservative Chancellor. From his teens he was always a Tory, speaking from a local soap-box.

Mr Major stresses the importance of these early experiences, yet it has not made him harsh or uncaring. Having seen problems from the other side of the fence, he understands the frustrations and intense dislike of bureaucracy of those at the bottom of the heap.

"I do not care a hoot about the fat cats, the extremely able. What I am concerned about are the chaps who work hard and haven't quite made it – who feel trapped." That is why he backs not only cuts in taxes but also efforts to increase owner-occupation, rented housing and more choice in education.

His outlook is unashamedly meritocratic. He says how much he dislikes the blue/white collar divide. By far the most important advance he sees since 1979, both in the Conservative Party and in the country as a whole, is the increased mobility of opportunity – the meritocrats have replaced the aristocrats.

This puts Mr Major clearly in the post-1979 economic grain, but he recognises the associated social obligations. As a social security minister from 1985 to 1987 he was blooded in rows over cold weather payments and involved in the decisions leading to this month's changes with their greater targeting of benefits. But he escaped most of the criticism associated with this shake-up. He makes no secret that he favours a degree of generosity in defining who should receive help. On other social issues, Mr Major is on the liberal rather than the authoritarian wing of his party – opposed to capital punishment and taking a strong stand on racial issues and against apartheid.

Since entering the Commons for the safe seat of Huntingdon in 1979, he has risen through hard work and astuteness. As a whip, initially under the patronage of Mr John Wakeham, he then impressed Mr Nigel Lawson with his contributions to the daily "morning prayers" meetings at the Treasury and for his highly efficient handling of the finance bill. It was Mr Lawson who sought his appointment as Chief Secretary last June, when he became the first of his Commons intake to enter the Cabinet.

At the Treasury he is highly regarded by civil servants both for his grasp of detail in negotiations and for his ability to sense the political mood – a combination not always seen in a Chief Secretary. Even spending ministers like him for his charm and reasonableness.

Thanks to Mr Lawson and the strong state of public finances, Mr Major has been able to build on the work of his predecessor, Mr John MacGregor, in being able to talk in terms of priorities for increases in certain programmes rather than across the board cuts. But his antennae have been sharp enough to know, generally well in advance, when concessions might be needed. There was, for instance, no question of resisting full funding of the nurses' pay award.

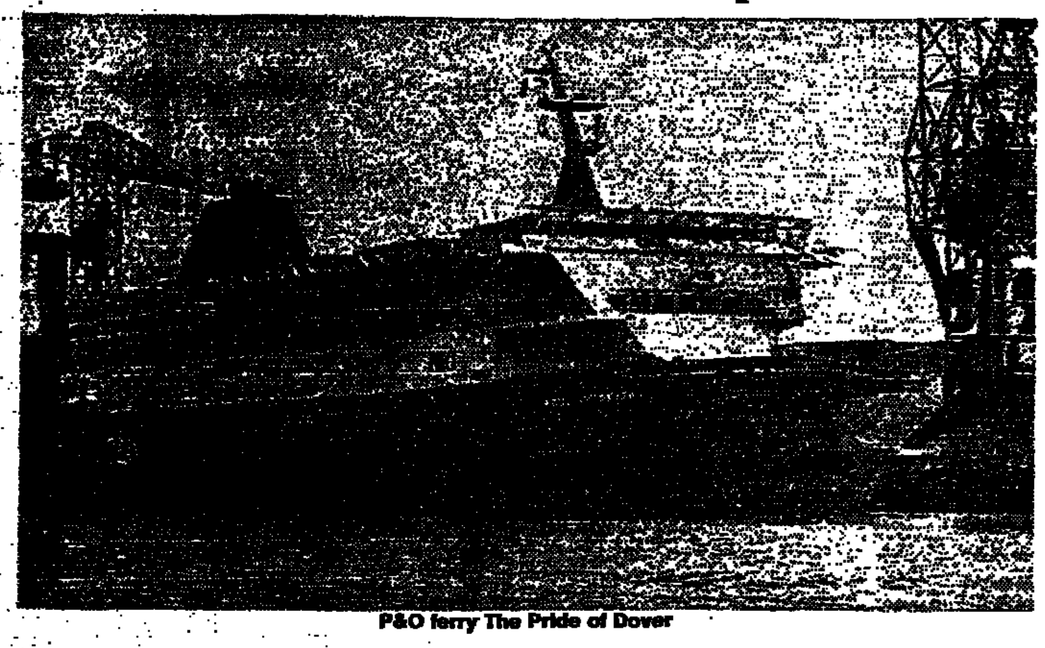
Mr Major is an aggressive public performer in attacking Labour – to the delight of his own side – though occasionally too much so for the taste of the less partisan. He is also quietly effective on television.

However, Mr Major is sensible enough not to let the current praise go to his head. He understands that this year's fashions do not necessarily last, and he still has some way to go to establish himself as one of the Cabinet's heavyweights. Talk of him becoming Chancellor after Mr Lawson is premature. So far he has shown considerable talent as a Westminster and Whitehall operator, but has not developed a broader economic viewpoint – very much Mr Lawson's area. After another year or so at the Treasury his more likely future is running a big spending department – possibly the environment or health and social security.

Still aged only 45, he has plenty of time on his side and is likely to be at the top of the Conservative Party until well into the next century.

Kevin Brown, Jimmy Burns and Charles Leadbeater report on the P&O Ferries dispute

Seamen's union not yet beached



P&O ferry The Pride of Dover

THE NEXT few days will be the crucial test for P&O European Ferries' strategy to breach and then break the three month Dover seamen's strike.

Will it be able to resume regular services from the port? The stakes are high. If P&O succeeds, it will have isolated the National Union of Seamen and the 720 seamen sacked earlier this week. The picket at the entrance to Dover's eastern docks will be left as a redundant symbol of a past era of industrial relations.

P&O's Dover headquarters commands a strategic view of the harbour and of the English Channel. It overlooks all the company's competitors, the Hovercraft plying from the Western docks, Sealink ferries, and the road which leading to the construction work for the Channel tunnel. The picket line standing at the roundabout at the entrance to the eastern docks is insignificant, a small part of the strategic view, which lies behind the company's drive to introduce revised working practices on its 11 ferries.

Mr Dick Smith, one of the pickets, regards P&O's headquarters as the modern equivalent of Dover's feudal castle, lording over a local, dependent workforce. He has been a bosun on channel crossings for the last 20 years and worked on the first roll-on-roll-off ferry in the early 1960s. "We are defending what we have represented all our lives. We built up this company — P&O are outsiders, they came in 11 months ago. Now they are threatening our community. And after 20 years of loyal service, all I get is a P45 (an end-of-employment tax notice) through the post."

But to P&O's senior managers, the dominant appearance of the headquarters is an illusion. They say the ferries operation, acquired 11 months ago, was in a far worse state than it appeared during the takeover negotiations. The Dover proposals are an extension of turnaround measures that have already been applied to shore based operations. Together, these measures should yield savings of between £8m-£10m a year.

In the next few years, however, the company faces three serious challenges to the revenue it receives from the ferries. The two less serious are the European Community's proposals to extend VAT to ferry fares, and phase out duty free sales, as part of the process of completing the internal market. Together, these actions could raise fares by up to 34 per cent, according to the General Council of British Shipowners.

The real challenge facing the company is the Channel Tunnel, expected to open in 1993, which could mean ferry tariffs being reduced by 12 per cent to remain competitive.

The problem for P&O is that it cannot compensate for the Community's proposals, invest in new capacity, and compete with the tunnel, without making a big reduction in costs,to be generated by changes in working practices.

To do this the company wants to reduce the time-off arrangements for crews, cutting the number of crews need to keep a ferry going from 3.6 to 3. This implies seamen working 24 hours on, 24 hours off. For instance, on its Zeebrugge services, ratings used to work 94 shifts of 24 hours in the year, with 271 days off. The company wants to cut days off by 29 to 243 in a year, with each rating on the Zeebrugge and Boulogne services working 122 shifts of 24 hours a year.

The seamen complain the proposals mean more work without extra pay, no guaranteed holiday periods, and increased fatigue and therefore risk for both workers and customers.

But as the dispute has progressed these detailed arguments over the nature of the package have become less important. For the company it has become a crusade to enable it to go into the 1990s, if necessary without the union and without its traditions. As the company has become more aggressive, the strikers, many of them Tory voters, have become infused with resentment. They feel it has left them only defiance as a way to maintain their disunity and morale.

The company has calculated that, if its strategy is to succeed, it must break the strikers' morale by restarting a full passsenger service on its routes to Boulogne, Zeebrugge and Calais.

NUS officials argue the company would have to get its two jumbo Dover-Calais ferries back in service, as well as four other ferries, to be able to crack the strike. Running two or three ferries would not be enough. If the union could limit P&O to that, morale on the picket line would be raised.

The company claims that 1,100 of the 2,100 seamen who started the strike on February 4 have accepted its so-called Red Book working practice proposals. This is about 65 per cent of the 1,704 seamen it needs to crew its 11 ferries: about 155 per ferry. National newspaper advertisments last week attracted 5,000 potential recruits to make up the shortfall, the company says. So, on the face of it, the company may be in a position to assemble a full, strike-breaking workforce.

The union's strongest card throughout the dispute has been that the company needs a local workforce to efficiently operate the day-on/day-off rosters. It will not be much use having 400 Liverpool seamen willing to work at Dover: it needs Kent seamen.

Over the next few days the union will be trying hard to limit the number of people prepared to turn their backs on the union and the strikers. Several hundreds of the 1,100 have accepted the company's proposals of redundancy. The company was seeking about 360 voluntary redundancies. But since it has sacked 720 seamen, it seems those who have signed to seek redundancy will be disappointed. Their position is unclear.

Of the remainder of the 1,100, scores are waverers who will do everything possible to avoid crossing picket lines, according to the union. It hopes developments over the next few days will either strengthen their obligation or incentive to stay with the union.

P&O's derecognition of the union, the continuing legal threat to its funds as a result of secondary action at other ports, have put the union's continued existence in doubt. If the NUS leadership can turn the Dover dispute into a wider struggle to defend the union, this could increase pressure on waverers to hold the line.

As one NUS official put it: "If they see the men at Dover solid, workers on Sealink ferries and other P&O ferries willing to take action, the waverers will think hard before bucking that trend."

As yet, and unlike the miners' strike, union leaders have avoided describing those who have accepted the company's proposals as "scabs". They want to make it as easy as possible for them to re-enter the fold.

For those who remain on strike, wider support will be important. The decision of Sealink crews at Dover and Folkestone not to sail has lifted the feeling of isolation and despondency that pervaded the air last week. The strikers are also hopeful that French and Belgian dockers will help by refusing to handle the ferries on the Continent.

In addition they believe that as long as they occupy the entrance to the port, potential customers will be wary of travelling with the company. This is not coal in Nottingham, nor newspapers at Wapping — two battles the unions lost — but families bound for the Continent.

Even if the company mounts some kind of service, many customers could regard it as unreliable, inferior, even unsafe. This may be a serious handicap for the company; it has suffered a year of bad publicity as a result of the Herald of Free Enterprise disaster in March 1987, in which 193 people died.

In the longer run the company appears to have no plans as to how it will conduct collective negotiations without the NUS. The soup kitchens round the town, the networks of support, the criticisms of the company by the Chamber of Commerce and local Conservative politicians, have strengthened the strikers' sense that they, not the company, are rooted in the community. It is the company which is becoming isolated, judged unreasonable, the union says, especially after Sealink yesterday said it could deal with the union.

But perhaps the most pressing question the NUS will have to face is what could seamen possibly gain by staying loyal to the union. The NUS answer is simple: successful solidarity can force the company to negotiate an agreement with a union it last week brushed aside. Union officials say that, with small concessions, the company could have got union agreement to its proposals last week; but it decided it was powerful enough to do without the NUS.

Now, what might have seemed a simple matter of pushing over a weakened union, has become a gamble. The pickets at Dover docks could yet join the memorabilia of a past age of industrial relations. But it would be premature to consign the Dover strikers to the litany of trade union lost causes — they still have some life in them yet.

Israeli justice

Matching high ideals with the security of the people

By Andrew Whitley

WHEN Mr John Demjanjuk, a 68-year-old Ukrainian found guilty by a Jerusalem court of being a notoriously brutal Nazi death camp guard, was sentenced to death last Monday, the packed courtroom burst into song and applause. "Every Jew feels a certain degree of satisfaction" at the verdict, said Prime Minister Yitzhak Shamir.

Demjanjuk's conviction had long been expected — a view reinforced by a bumbling defence. The only doubt in most Israelis' minds was whether he would become the second man in the country's 40-year history — after Adolf Eichmann, mastermind of the Holocaust — to hang. If the High Court rejects his appeal, the sentence is likely to be carried out later this year.

The day after those emotional scenes, a tiny news item appeared on the inside pages of the Israeli press. One of the last remaining members of a Jewish terrorist organisation sentenced to lengthy jail terms in July 1985 had been released from prison.

Mr Barak Nir had been sentenced to 12 years jail for his part in a series of bombings and shootings of prominent Arabs in the West Bank. He ended up serving less than four years, in a low security prison. With his release, only four of the group of 25 arrested in 1984 remain inside, and they can also expect to be freed shortly.

The two cases are in no way comparable. Although Mr Demjanjuk's defence continues to claim he is a victim of mistaken identity, the enormity of the crimes of which he was found guilty — at the Treblinka camp in wartime Poland — far outweigh those of the latter-day Jewish underground in the West Bank.

A comparison between the criteria the Israeli judicial system and political establishment apply to acts against the state within Israel proper and within the occupied Arab territories reveals, however, a marked divergence of approach.

A corollary of the 21 year occupation has been some very rough justice indeed. The military courts of the occupied territories are denounced by Israeli and foreign civil rights organisations as near-farcical; and the punishments meted out by the legal system as a whole to Jews and Arabs are often disproportionate.

Jewish settlers have been responsible for half a dozen fatal shootings of Palestinians since the uprising began in December, but no-one has been charged with murder, or is currently in jail awaiting trial.

By way of comparison, an Israeli Arab narrowly avoided a death sentence in December, when a military court convicted him of being being an accomplice to the 1985 murder of an Israeli soldier. Mr Ahmed Ali Abu Jabar was only reprieved by the dissenting voice of one member of the three-man tribunal.

The contrast with the Israeli establishment's handling of a tragic incident earlier this month, in which a Jewish teenage girl and two Palestinians were killed, is equally marked. Even as Justice Minister Avraham Sharir was calling for "the razing to the ground" of Beita village, for its inhabitants' supposed role in the Jewish girl's death, an internal army investigation had concluded that an armed adult escort was accidentally responsible.

Undeterred by its own findings, the army made an example of Beita, demolishing 14 large, stone-built houses in the village. One house was blown up in error: some of the Jewish children had been sheltered there. The army promised to pay compensation for the mistake.

As an angry debate began to swell within Israel over who was to blame for the death of young Tirza Porat, the first Israeli civilian casualty of the uprising, Defence Minister Yitzhak Rabin ordered the deportation of six Beita residents accused of throwing stones at the nature ramblers.

Leaving aside the legality of the deportations — which contravene the Fourth Geneva Convention of 1949 — the nature of the punishment seemed disproportionate to the offence. The Government brushed aside international protests over the deportations.

Uncertain about its own legal status in the West Bank and Gaza Strip, the Israeli government, in the opinion of diplomatic observers, turns to whatever legal justification for its actions are to hand. Where there are none it cites the cause of the "struggle against terrorism."

The judiciary is, with justification, the public institution held in the highest esteem by almost all Israelis. By comparison with the standards employed in neighbouring Middle Eastern countries, Israel's concern for the rule of law is admirable.

Difficult issues, such as popular revolt, war crimes, or national security, are likely, however, to strain any legal system. In the past few months, Israel's handling of the Palestinian uprising and the parallel trials in Jerusalem of Demjanjuk and Mr Mordechai Vanunu, the nuclear spy, have evoked some troubling, quintessentially Jewish, questions about the relationship between public morality, security and the quality of Israeli justice.

Mr Vanunu, condemned by public opinion as a traitor and further isolated as a convert to Christianity, was convicted last month of treason and aggravated espionage after a trial held entirely behind closed doors, amidst extreme security. As did most foreign observers, Israelis always assumed their country possessed the nuclear bomb. It reassures them in their sleep and instils fear in their enemies. They just don't talk about such matters to "the goyim" — those outside the Jewish family. In Israeli eyes, that was probably Mr Vanunu's real crime.

How to reconcile the high ideals on which the state was founded out of the ashes of the Holocaust with the need to preserve, beyond any room for error, the safety of the Jewish homeland has always been a central dilemma for Israel. It is an irony that growing concern within Israel and abroad over whether the pendulum has swung too far in the direction of security should have emerged at a time when the integrity of the state has never been under less threat from its outside enemies.

"Israel is a success story," said Mr Abba Eban, the country's elder statesman, earlier this year. "Israel has never been stronger, more secure against external assault. The major peril that faces us comes from within ourselves."

Letters to the Editor

South African implications

From the Ambassador, South African Mission to the European Communities.

Sir, At its April plenary session the European Parliament, in reaction to the assassination of the Paris representative of the African National Congress (ANC), Mrs Dulcie September, adopted a resolution condemning what it terms "the export to Europe of terrorism sponsored by the apartheid regime." Read as a whole, the resolution implies that the South African government is directly responsible for the death of Mrs September.

The South African government has officially denied any involvement in the incident. Furthermore, the French Minister of the Interior has issued a statement indicating that the matter was under investigation, and that there was no evidence to implicate the government of South Africa. Terrorism, no matter where it occurs or whoever perpetrates it, deserves to be condemned. The European Parliament has regrettably failed to do so whenever innocent civilians have been killed or injured in South Africa.

B.G. Ranchod,
Rue de la Loi 26 (Boîte 14-15),
1040 Brussels, Belgium

From Mrs Kate MacFarlane.

Sir, I am a white South African. On April 22 I went to listen to Frank Chikane, the general secretary of the South African Council of Churches, give the first Bishop Ambrose Reeves memorial lecture.

I am moved by black Church leaders' depth of understanding of the reality in South Africa, that on the day that President P.W. Botha announced "reforms" widely reported in the British press, headlines in South Africa were proclaiming the threat which "communist" black Church leaders pose to that society.

Kate MacFarlane,
10 North Hill Avenue, N6

The battle for Rowntree

From Sir Donald Barron.

Sir, On Wednesday April 27 you quoted a comment which I had made at the Rowntree annual general meeting on the previous day. Unfortunately your report did not quote three more substantial issues to which I referred — and which, it seems to me, should be of wider public concern.

First, the company's worldwide brands are the fruits of massive investment, over many years, in applied science and technology and in a wide range of know-how. I have taken part in many discussions where politicians, Select Committees, universities and learned societies have complained that too much science and technology developed in the UK is — for lack of far-sighted investment — exported to and exploited in other countries.

Export of the control and rewards of Rowntree's intellectual property would be no less real for taking place through the Stock Exchange. This would surely be a very good example of the dangers of "short termism" to which the Bank of England rightly drew attention.

Second, the threatened removal from York of ultimate decision-taking has important policy implications, both for the regions and for provincial cities. It is not only — or even mainly, perhaps — a question of jobs. The Rowntree group, like many other British companies, has a tradition of enhancing and supporting - with both money and people - the communities in which it operates; for example, support for universities (the company recently gave a large donation to the University of York's new Institute of Applied Biology), enterprise agencies, school-industry link schemes, arts and music festivals.

It is well established that a better community is more likely to attract inward investment and jobs and, by contrast, that inner city decay is allied to the decline in the quality of local leadership which often accompanies the loss of local decision-taking.

Third, The Prime Minister and Lord Young have rightly exhorted British industrialists to take advantage of the opportunities offered by the Europe of 1992. Here is a company which for 20 years has been patiently building an excellent business in Europe. It is surely a matter of concern that such a national asset should be lost, particularly into the hands of a company which is not a resident in the European Community and which is sheltered by a commercial culture quite different in character and markedly less open than the UK of 1988 and the Europe of 1992.

I suggested at the Rowntree AGM that these were issues of national importance. They tend to be obscured in the frenzy and excitement of a takeover bid. But it is necessary that they should be properly addressed by all those concerned.

Donald Barron,
Bishopthorpe,
York

Seeking the source of condescending patronage

From Mr H.Smallwood.

It was sad — and to a certain extent sadly predictable — to see how your sports writer reviewed the forthcoming Rugby League Cup Final at Wembley ("Over for t'Cup," April 23).

Surely a newspaper of your standing could have risen above the hackneyed and unworthy use of such images as: "regularly doused in driving rain, ankle deep in mud..... aroma of hot dogs;" and of course "fish and chips" presumably just had to be brought in somewhere.

Not a chance must be missed, either, to introduce a northern town by reference to a period of industrial depression that was written about 50 years ago.

The tragedy — to my mind, as a follower of the fortunes of Rugby League football since I was a boy of 15 in Hunslet more than 50 years ago — is that the attitude to the game portrayed here is generally expected by its followers when it is dealt with by the media outside the north of England. As a result, this letter might well be the only one you receive on the subject.

One has to wonder what could possibly be the source of such condescending patronage — if not the blatant snobbery as described by the Wigan manager, Graham Lowe. Old habits die hard. Perhaps the answer might be in the effrontery perceived by some when trades unions in the north of England tried, in 1893, to obtain the right to pay players for wages lost by playing on Saturday afternoons.

H. Smallwood,
8 Willows Avenue,
Maltby,
Middlesbrough,
Cleveland, Yorkshire

Unclear how the Bill will improve standards

From Mr R.J. Manser.

Sir, Your advice to the House of Lords on the Education Bill (April 22) is timely. Parents — as the Inner London Education Authority (ILEA) poll showed — have understood the dangers of an ill-thought out reform programme far better than the government. (Perhaps this is because their children attend state schools while those of most Tory MPs do not.)

The speed with which the government has attempted to pass the Bill has left little time for discussion of fundamental questions. In particular, it is still unclear to many parents how the Bill will really improve standards. "Which"-style analysis of a best buy, even at a local level, is no substitute for the individual motivation of each child. A forced academic curriculum, teaching for tests and compulsory testing from the age of 7 will encourage most children to dismiss school at an even earlier age than now.

R.J. Manser,
87 de Frene Road, SE26

Bottomless perdition - there to dwell

From Mr G.S. Doust.

Sir, Now that we have had bare-breasted dancers (April 20) and bare-bottomed strip tease performers (April 23) within a few days of each other on your Arts page, can I take it that you have got the desire to print soft pornography out of your system?

Or are you intending to promote Christopher Dunkley's contention that there is as much artistic merit in the Sun newspaper's grubby offerings as in the National Gallery? (I paraphrase.)

G.S. Doust,
Singleton,
Oxbottom Lane,
Chailey, Sussex

'Not all journalists will go along with the Financial Times ...'

From Mr Stewart Steven.

Sir, While many journalists would agree that the Press Council should be more vigorous than it has been hitherto, not all will go along with the Financial Times ("The conduct of newspapers," April 27) in its special pleadings for its natural constituents that because "intrusions into privacy" are "resented by those at the top of society," this makes these intrusions necessarily a bad thing.

It is, of course, natural that those who seek publicity in order to assist their rise up the ladder of worldly success should resent similar publicity once they have arrived at the top. That this is understandable does not mean it is acceptable.

The truth is that in a democratic society those who have gained power, wealth and position must, sometimes, be prepared to pay the price for their good fortune.

It is rare that the privacy of ordinary people is invaded; when it is, it is certainly deplorable. But how anyone of sensibility can be expected to feel any sympathy for the high and mighty, when some of their less attractive habits are presented for the delight of the general population, beggars the imagination.

It is only in totalitarian countries that the assumption that the powerful are entitled to every conceivable privilege — including, perhaps, the most precious privilege of all, personal privacy — is accepted without demur. Your further complaint, that some newspapers from time to time use money to persuade individuals to "supply their story," comes under the same category of seeking special privileges for the already privileged.

When ordinary people are involved, as they occasionally are, in extraordinary events, it does seem to me that it is really quite peculiarly malignant of the great and good who write leading articles in the Financial Times to deny them the same privilege which is granted, without question, to extraordinary individuals.

No one seems to mind when Prime Ministers or other distinguished people write their memoirs and then sell these for huge sums of money to newspapers, even if by so doing they are denying other newspapers — at least for the period of the embargo — the right to that material.

It is deemed, however, somewhat shocking when a woman who has given birth to quintuplets, or a man who has been involved in a hi-jack, sells the story to a newspaper. The phrase "cheque book journalism," in so far as it makes any sense whatsover, has become devalued as a term of disapprobation — simply because all those who use it have forgotten why this form of journalism was originally thought to be undesirable.

Stewart Steven,
Editor, The Mail on Sunday,
Carmelite House, EC4

UK COMPANY NEWS

Another upheaval in TR stable

BY NIKKI TAIT

Touche Remnant, the fund management group, looks set to lose the management contract on one of its eleven-strong stable of investment trusts.

Late yesterday afternoon, the board of TR Natural Resources – an £82m specialist investment trust – announced that it was calling an extraordinary general meeting for June 7, and would propose that management arrangements with Touche be terminated.

The board is suggesting that Marathon Asset Management, a recently-formed fund management business, be appointed instead.

Control of TR Natural Resources changed last October following an unwanted bid from Platou Investment, an unlisted Norwegian investment company.

Ahead of its bid Platou already held a 28.8 per cent stake in TRNR, and under the offer the Norwegians made clear that they only wished to acquire a controlling stake. The listing, they said, would be retained.

That control was achieved just ahead of Black Monday, and Platou now holds 50.1 per cent of TRNR. Touche Remnant was retained as fund manager, on annual management fees believed to have been around 0.4 per cent.

Earlier this year, however, Mr Peter Kysel – a Touche Remnant director, and in charge of the natural resources team – left the fund management group. Yesterday, Mr Truls Persen, vice-president of Platou, said that this had been "one of a multitude of factors" in the board decision.

"The most important is that we feel we will be much better served by a small and committed team," he commented yesterday.

At the time of the bid, Platou indicated that it was pleased with its investment in TRNR and was making the bid to increase its exposure.

Lord Remnant, head of Touche Remnant

Yesterday, however, Mr Persen described the performance of the trust as "mediocre" over the past five years, and said Platou was "disappointed".

The board is also recommending a change in investment policy to permit greater "flexibility", and a one-for-ten scrip issue of warrants in TRNR (now to be called Sphere Investment Trust).

The new management company, Marathon, has been set up by Mr Jeremy Hosking and Mr Neil Ostrer – formerly with GT – and Mr Willian Arah, from Goldman Sachs.

Platou will take an initial controlling interest in Marathon, although this is not expected to form a large investment.

The loss of the TRNR trust will be the latest in a sequence of upheavals at Touche Remnant trusts, Britain's largest investment trust stable.

These include a hostile bid for the TR Pacific Basin trust last year, which provoked an alternative reorganisation scheme; a lengthy battle over TR Technology; and, most recently, reconstruction plans for TR North America.

Crystalate warns on first half profits

BY PATRICK DANIEL

Crystalate Holdings, the electronics group, yesterday warned shareholders to expect "very disappointing" interim profits for the six months to March 31 1988.

The company also announced a shake-up of its board with Lord Jenkin of Roding, the former Conservative Environment Secretary, replacing Mr Nigel McLean as chairman.

Following last year's troubles at the group's telecommunications subsidiary, Besson, problems have now arisen at Welwyn, Crystalate's electronic components subsidiary.

The company said Welwyn's micro-circuits division was facing production problems with "one important product," which it did not specify, while its flexible circuits division was performing poorly.

Besson suffered a £2.2m turnround to post a £0.3m loss for the year to end-September. This cut Crystalate pre-tax profits to £7.1m, up 5 per cent, on turnover which rose by more than 50per cent to £102m.

The board level changes announced yesterday arose after Mr McLean, with the support of other non-executive directors, pressed for changes in the group's executive management.

However, he could not accept the board's decision to appoint Mr Robert Eade as group chief executive, replacing Mr John Herrin.

Lord Jenkin said yesterday that the board was impressed with Mr Eade's performance since he joined the group from Thorn EMI last year to take over as Besson's chairman and chief executive.

He added that Mr Herrin agreed to step down and will remain on the board as deputy chairman in view of his experience in the industry.

"The company has basically a very sound business but we need a different style of management," he said.

Lord Jenkin, formerly Mr Patrick Jenkin, ended a 23-year parliamentary career when he stepped down as MP for Wanstead and Woodford in east London before the last general election.

The company's announcement yesterday said its interim statement, due on May 13, would express the board's confidence that its second half results will show a significant recovery.

The board therefore intends to maintain the same interim dividend of 2.1p.

Crystalate's share price fell 7p yesterday to close at 153p.

Windsmoor's brokers quit over Baird bid

BY ALICE RAWSTHORN

PHILIPS & DREW has resigned as stockbrokers to Windsmoor, the women's wear company which agreed two days ago to a takeover bid from the William Baird textile group. The brokers resignation followed Windsmoor's decision to appoint Baring Brothers, the merchant bank, as its advisers in the bid.

Mr Geoffrey Redman-Brown, a director of P&D, said that his company was told of Baring's appointment by Windsmoor on Wednesday, the night before the bid was announced. Until then, he said, P&D was not aware that Windsmoor had been engaged in bid discussions.

"In view of this we came to a mutual agreement with Windsmoor that we should resign," he said.

Windsmoor said yesterday that Baird first approached the Green family, which founded the company and holds almost 70 per cent of the equity, last autumn. The Greens appointed Baring to advise them on the bid. Baird made a formal offer to acquire Windsmoor on Monday evening and the Windsmoor board appointed Baring as the company's adviser on the following day.

On Thursday morning Baird made a formal announcement that it had agreed terms to buy Windsmoor for just over £28m.

P&D became Windsmoor's stockbrokers in August 1985 and has acted as its financial advisers – the company did not retain a merchant bank – since then.

The appointment of P&D followed Windsmoor's decision to drop Chase Manhattan Securities as its broking house when it emerged that two Chase employees had stagged its flotation in the previous month.

There was no suggestion that Windsmoor itself had been associated with the stagging exercise, but the company's share price was depressed by the controversy for several months after the flotation.

Pru spends £0.55m on flat for director

By Nick Bunker

Prudential Corporation, the UK's biggest life assurance group, has spent £547,500 to instal Mr Mick Newmarch, one of its directors, in a flat in one of the most expensive residential areas of central London.

It was bought during 1987 for a total of £772,500, but Mr Newmarch contributed £225,000 to the purchase price, according to a footnote in Prudential's annual report and accounts.

Mr Newmarch is the chief executive of Prudential Portfolio Managers, which looks after the investment of the group's £29.8bn of life and general insurance funds. He is generally regarded as being the City of London's most powerful institutional investment manager.

Prudential said yesterday that there was nothing unusual in the arrangement, but stockbrokers' insurance analysts were unable to recall any previous case where a big stock market-quoted insurer had disclosed in its accounts that it had done such a deal.

Under the arrangement, the property will be owned jointly by Prudential and Mr Newmarch under a trust deed which provides that if it is sold the proceeds will be shared between them in proportion to their contributions to the purchase price.

Ms Sue Shaar, Prudential's chief press officer, said that the explanation for the deal was that because of his job Mr Newmarch spends much of his time in central London and entertains frequently. It was more cost effective for him to do this at home, and the property would be a good investment, she said.

UniChem response

A quarter of UniChem's members want the chemists' co-operative to enter into immediate negotiations with Macarthy, the quoted healthcare group revealed yesterday.

Macarthy, which has made a £65m bid for UniChem, disclosed that over 1050 shareholders have responded to circulars it sent out requesting approval of merger talks and the calling of an extraordinary general meeting where such a merger could be voted on by all UniChem's shareholders.

A meeting between the two parties now seems likely. Mr Geoff Harris, UniChem's finance director, said the co-operative would try to seek better terms; Macarthy said it was willing to renegotiate the details of its offer.

Suchard's Rowntree stake up to 20.8%

Jacobs Suchard bought 4.5m shares in Rowntree on Thursday, taking its holding in the York-based chocolate company to 20.8 per cent. Prices paid varied from 910p to 925.

ICI demand

Mr Denys Henderson, chairman of Imperial Chemical Industries, said at the company's annual general meeting yesterday that demand for the company's products was currently reasonably firm, but that he expected considerable attention to focus on the strength of sterling and its inevitable impact on competitiveness.

He said that the ICI board felt strongly that at current levels the shares were undervalued. The shares closed 6p up last night at 983p.

Benlox losses rise after costs of Storehouse bid

BY ANDREW HILL

Benlox, small investment dealing and civil engineering group, which last autumn bid for Storehouse, retail chain, announced higher pre-tax losses of £1.88m for 1987, against £456,960 in the previous year.

There was an exceptional provision of £1.16m against the reduction in value of the group's 1.1 per cent stake in Storehouse. The cost of its unsuccessful bid was £1.01m, taken as an extraordinary item.

Benlox spent £77,828 below the line investigating further acquisitions, offset by a pre-tax profit of £1.1m on the sale of Protim Services last May. The net extraordinary loss after tax was £249,090.

The group's securities and investments arm also sustained a loss of £259,535, before the exceptional item, compared with a small operating profit of £189,908 in 1986.

Mr Andrew Millar, who retires as chairman at the annual general meeting, said last night: "I am especially disappointed with the results because the company traded profitably on all fronts." He said he regretted the Storehouse bid, because of the effect it had had on the group, but he felt the outcome might have been different, had it not been for Black Monday, which occurred in the middle of the Benlox offer.

The board is recommending a final dividend of 0.1p, making 0.85p (1.15p) for the year.

Turnover increased to £29.9m (£19.7m) and the company returned a loss per 10p share of 5.3p, against losses of 2.8p in 1986.

The figures – released at 5 p.m. last night – showed a return to operating profit for the civil engineering and construction arm, which made £161,197, against a loss of £859,336 in 1986.

Mr Millar said negotiations were well-advanced for the disposal of three subsidiaries. The directors intend to turn Benlox into a focussed property and construction group.

Wolseley £32m US expansion

BY PHILIP COGGAN

Wolseley, the world's biggest plumbing and heating distributor, has added another arm to its US operations with the purchase of Familian Northwest for $59.5m (£32m).

Starting with the acquisition of Virginia-based Ferguson in May 1982, Wolseley has gradually built up a substantial US business. Carolina Builders was bought for $77m in November 1985 and Familian, a California-based plumbing supplies group, was bought for $99m last year.

The Familian Northwest purchase adds another area of the country – the US group, which is based in Portland, Oregon, operates from 38 locations in Oregon, Washington, Montana, Utah, Alaska and Hawaii. Familian Northwest was connected, until 1978, with the Familian which Wolseley acquired last September.

In its last financial year, ending December 31 1987, Familian Northwest made pre-tax profits of $12.99m and the purchase price assumes that pre-tax profits this year should be around $11.1m.

The $59.5m purchase price includes a $3.5m payment to the vendors in respect of non-competition agreements. Familian Northwest's senior executives have signed three-year employment contracts. Wolseley is satisfying the consideration from its existing bank facilities.

Wolseley's shares fell 5p to 268p.

French buy more Bristol Water

BY ANDREW HILL

Compagnie Generale des Eaux, France's largest water company, has joined its rival, Lyonnaise des Eaux, as a substantial shareholder in Bristol Waterworks Company.

Bristol Waterworks, which claims to be the third largest of the 28 statutory water companies in the UK, is to have talks with both French companies within a matter of days about further co-operation.

The statutory company is one of several which severely restrict shareholders' voting rights, irrespective of the size of their stake. Neither French group intends to mount a takeover.

Generale des Eaux acquired a 22.4 per cent holding over the last few months through General Utilities, a wholly-owned subsidiary which has already declared stakes in three other statutory companies.

Bristol Waterworks said it welcomed the French investments, in the light of the planned privatisation of the water authorities. The company hopes to benefit from the technical expertise and financial strength of the two companies.

Morgan Grenfell, the French company's advisers, said it was the policy of Generale des Eaux to consult water companies before investing. The stock was acquired with the agreement of the Bristol Waterworks board.

Last week Lyonnaise announced it held 17 per cent of Bristol Waterworks, which supplies the city of Bristol and the surrounding area under an agency agreement with Wessex Water Authority. Lyonnaise was forced to give up a 12.5 per cent stake in East Worcestershire Waterworks Company, acquired in breach of the Takeover Code.

A third French investor in the water industry is Cementation SAUR Water Services, a joint venture between Trafalgar House and Bouygues of France. It has declared stakes in three statutory water companies in the last year, but Bristol Waterworks said yesterday it had not yet received an approach from the company.

In separate developments during the week the Associated Insurance Pension Fund announced it had increased its stake in West Kent Water Company to 20 per cent and in East Surrey Water Company to 21.6 per cent.

Fitzwilton surges to I£1m halfway

Fitzwilton, Dublin-based manufacturer of tabletop accessories, achieved profits of I£1.01m pre-tax for the six months to December 31, a sharp improvement over the I£179,000 returned for the corresponding period of the 1986-87 year.

Turnover totalled £2.73m (nil). Profits included a £385,000 (nil) contribution from the associates. Tax of £343,000 (£40,000) left earnings at 2.14p (0.49p) per share. Interim dividend is a same-again 1p.

Sharp & Law

Sharp & Law, the USM-quoted shopfitting group, has sold Maidenhead Finance, an in-house leasing service, to an undisclosed buyer for about £6m.

Maidenhead was part of the BFN group.

BRITANNIA SECURITY Group has agreed to acquire Ariel Burglary and Fire Protection Co., of Hackney, London, for a maximum £377,000. Consideration satisfied via issue of 103,520 new ordinaries and £177,000 in cash. Britannia has also issued 19,973 new ordinaries as additional consideration to vendors of Filmbond Services (London), acquired last year. Balance of consideration satisfied by £46,068 in cash.

Thos French in £3m sale

BY VANESSA HOULDER

Thomas French, maker of curtain styling and narrow fabric products, is to sell its Tekdata floppy disk drive distribution business to its managers for £3.25m.

The move reflects French's decision to concentrate its resources on its consumer products business.

"Although Tekdata has been a highly profitable business for us, we are not really familiar with the electronics industry and have decided to go back to our roots," said Mr Jeremy French, chairman.

The company plans to expand its Rufflette curtain accessories and its InHome home improvement products business, both organically and by acquisition.

Tekdata's share capital was acquired by French between 1972 and 1986 for a total of £368,000. French originally became involved with Tekdata because it had the technical expertise to weave wire into a flat ribbon cable.

Tekdata, which has been operating in an increasingly competitive market, reported pre-tax profits of £581,000 (£1.07m) in the year to September 1987.

ChemEx suffers midway loss

ChemEx International, a start-up company which joined the Third Market last August, incurred a loss before tax of £173,000 for the half year to end-March. The company was set up to examine water and soil for traces of chemical waste.

The directors said costs were running below those projected at launch and that there had been a highly encouraging initial response from industrial companies in the UK, the US and Europe.

WCRS cuts stake in Parkway

By Andrew Hill

WCRS, the advertising agency, has reduced its stake in Parkway Group, an acquisitive press production services company it helped set up in 1983, from 11.2 per cent to 7.6 per cent.

The agency disposed of 700,000 shares, which were placed in the market by Hoare Govett, raising £1.87m cash.

WCRS founded Parkway with two other advertising agencies, Lowe Howard-Spink & Bell and Collett Dickinson Pearce. Originally, each held 25 per cent of the equity. The company was floated on the Unlisted Securities Market last summer.

Lowe now has a 9.3 per cent stake and Collett still holds 16.8 per cent.

Cowan de Groot

Mr Philip Birch has resigned as non-executive director of Cowan de Groot, toy wholesaling and education group. Mr Birch is chairman and managing director of Ward White Group, retailer, which is involved in a £111m bid for A G Stanley holdings.

He will continue to hold 400,000 shares in the company.

Baldwin changes its management again

BY VANESSA HOULDER

Baldwin, a shell company with interests in printing, property and concrete-making yesterday announced its second change of management in a year. The new chief executive is Mr Sandy Singh, who was a director of Kennedy Brookes until the takeover by Trusthouse Forte earlier this year.

Mr Singh said he planned to expand the company into the leisure business,in areas such as hotels, nursing homes and retirement homes. In addition, he is looking at a possible acquisition of a printing plant. Baldwin has about £1m in cash.

Mr Singh and his family bought 250,000 shares, a 3.4 per cent stake, at 160p from Mr Colin Gervaise-Brazier who has resigned as chief executive but will remain a non-executive director.

Mr Gervaise-Brazier joined the company a year ago at a time when nearly two-thirds of the equity changed hands. Baldwin subsequently raised £3.4m through a rights issue and moved into specialist printing with a £2.7m acquisition of Snows Business Forms.

The share price of Baldwin moved from 148p to close at 167p.

Ensign advances midterm

Ensign Trust, investment trust, increased its pre-tax profits from £1.68m to £1.85m in the half-year to March 31 1988, and the interim dividend is unchanged at 0.3p net, as already announced.

The directors said the stock market crash last October hampered the progress of the company, particularly as the financial sector suffered a substantial re-adjustment in market values.

Nevertheless, significant development of the portfolio has continued.

Merchant Navy Investment Management, a wholly-owned subsidiary, has made good progress in terms of broadening its client base.

Ensign's total income amounted to £4.6m (£3.61m).

Tax took £754,000 (£640,000), after which stated earnings per 25p share were 0.37p against 0.35p.

Densitron profits rise to over £1m

Densitron International, maker of electronic components, raised its turnover by £5.86m to £20.73m for 1987 and for the year saw its profits rise from a depressed £443,000 to £1.16m at the pre-tax level. A final dividend of 1.25p lifts the total from 1.1p to 1.8p.

The directors said the company had continued to progress during the first quarter of 1988 and added that there had been a further increase in the order books.

Beazer/Koppers

Beazer's $1.7bn bid for Koppers, US aggregates and chemicals group, expired yesterday. However the UK housebuilder seems set to extend the bid for a further week while the legal complications of the offer are sorted out in three separate court cases.

Banro rights

Mr Edward Rose, chairman of Banro Industries, said the 66.6 per cent take-up of its £5.6m rights issue was a very good result in the light of current stock market conditions. He added that the outlook for the year was extremely good.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Benlox ...fin	0.1	-	0.6	0.85	1.15
Brit. Assets ...int	0.68☆	-	0.58	-	2.35
Clayton, Son ...fin	7	–	7	9	9
Densitron ...fin	1.25	-	1.1	1.8	1.1
Fisher (Albert) ...int	1	–	0.67*.	–	1.5*
Fitzwilton ...int	1♣	July 1	1	-	2
Fleming Univ ...fin	1.5	–	0.9	2.1	1.5
Investors Cap ...int	3.6♠	–	3.15	–	12.7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ♣Irish currency. ☆Second interim 0.68p makes 1.3p(1.15p) to date. ♠ Second interim.

MONTHLY AVERAGES OF STOCK INDICES

	April	March	Febuary	January
Financial Times				
Government Securities	90.74	90.48	89.12	88.33
Fixed Interest	97.62	97.28	95.53	94.71
Ordinary	1421.2	1446.7	1397.6	1419.4
Gold Mines	216.4	242.9	255.5	285.9
SEAQ Bargains (5 p.m.)	26,923	31,674	23,705	25,235
F.T.-Actuaries				
Industrial Group	935.20	949.91	915.91	923.13
500 Share	1011.11	1021.06	986.84	992.40
Financial Group	663.72	672.96	649.23	655.25
All-Share	918.65	927.96	896.46	901.59
FT-SE 100	1786.5	1807.5	1746.5	1,767.6

	Apr. High	Apr. Low
Ordinary	1448.9 (27th)	1382.9 (5th)
All-Share	929.14 (27th)	893.16 (5th)
FT-SE 100	1810.5 (11th)	1737.6 (5th)

Acquisitive Albert Fisher doubles to £14m

BY CLAY HARRIS

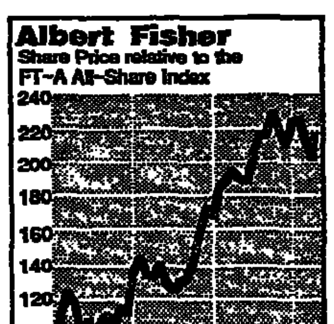
Albert Fisher Group, the acquisitive food distributor and processor, nearly doubled interim pre-tax profits to £14m (£7.1m) in the six months to February 29. Earnings per share advanced by 38 per cent to 2.9p.

With underlying organic growth of 23 per cent, almost all activities showed strong advances. An exception was the Plane Trucking transport business which lost £150,000 in the final six weeks because of the Dover ferry dispute.

Fisher yesterday also announced the appointment of Mr Stephen Barker as chief executive. As finance director, Mr Barker has worked closely in the rapid expansion of Fisher since 1982 with Mr Tony Millar, who remains executive chairman but will concentrate on strategic planning.

Mr Barker will be succeeded as finance director by Mr Ian Quinlan, a senior partner at Fisher's auditors Ernst & Whinney. He has worked closely with the company since 1984.

Stephen Barker: taking over as chief executive



Europe, including the UK, contributed 51 per cent of operating profits, with distribution accounting for £837,000 and food for £5.29m. The product split of the latter was 53 per cent packaged, 30 per cent fresh and 17 per cent frozen.

In the US, organic and acquisition growth increased Fisher's leading share of the Florida fresh produce market to 20 per cent, with similar advances on the West Coast.

After the latest round of European acquisitions, the US accounts for only 40 per cent of sales and profits.

Group turnover rose to £205.8m (£101.3m). The interim dividend is raised to 1p (0.66p). Fisher forecast a 1.25p final, which would maintain the 50 per cent rise in payout.

● comment

In its long string of acquisitions, Fisher has never paid more than £38m and never mounted a hostile bid. It has made only one small mis-step, a cheese trader long since sold and forgotten. Now that Tony Millar is stepping back to look at the big picture, there is no reason to think the strategy will change. Since dollar exposure is unpopular, Fisher has ostentatiously turned its immediate attention elsewhere. Five acquisitions in six months have made it the largest fresh produce company in the Netherlands. But the dollar (US earnings are pegged this year at $1.67) will not scare Fisher away from the right opportunity. Apart from growth by accretion, its prime goal is to move into broad-line food services. What it needs is a company similar to CFS Continental (the Staley subsidiary Tate & Lyle plans to sell if its bid succeeds), but only half the size, perhaps in the $250m to $300m range. But this would require turning to shareholders again – and a year hasn't passed since the last £81.7m cash call. On £32.5m pre-tax for the full year, the prospective p/e is 16, a fair bet on the dollar and a better one on the management.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
‡	F.P.	-	195	184	Acre Oil 50p	185	+9	W3.5	2.1	2.5	25.2
95	F.P.	12/5	98	94	‡B.W.D. Securities	94		b3.75	3.3	5.3	7.6
330	120	-	80	70	British Petroleum	76	-1½	Q12.5	1.5	5.8	14.2
§80	F.P.	-	100	80	§Central Motor Auctions	100		u2.5	2.0	3.5	14.7
-	F.P.	-	16	4	Colliers Hldgs. Wrrnts	16		-	-	-	-
§100	F.P.	-	116	115	Dagenham Motors 10p	113	-2	13.6	2.9	4.2	10.1
§85	F.P.	3/6	108	83	§Dudley Jenkins 5p	105		W2.7	2.4	3.4	16.2
§210	F.P.	-	225	213	§Freeman Group 10p	225		u6.75	2.8	4.0	11.9
§125	F.P.	18/5	143	125	§Hadley-Walker 5p	145		u3.3	2.4	3.8	16.0
140	F.P.	10/6	148	140	§Holders Technology 10p	144	+1	u6.0	2.0	5.6	11.8
§64	F.P.	20/4	80	64	§Hughes (H.T.) 10p	75	-1	b2.25	2.1	3.9	14.3
§122	F.P.	-	141	135	Johnston Press	138		L3.5	2.6	3.4	15.0
73	F.P.	22/4	81	74	§MTL Instruments Grp 10p	75	+1	u2.0	3.3	3.6	11.3
-	F.P.	-	57	40	§Marlesale "S"	50		-	-	-	-
§110	F.P.	-	126	118	§Microlec Group 5p	124	-2	R2.9	3.0	2.9	15.3
93	F.P.	20/5	86	78	Merchant Manufactory Est.	79	+1	u3.0	1.6	5.1	6.5
§120	F.P.	-	131	123	§Moorfield Estates 10p	126	+3	R3.15	2.6	3.3	13.5
§90	F.P.	-	101	93	§Morris Ashby 10p	95	+2	R3.37	2.3	4.7	9.5
-	F.P.	-	13	5	Oceonics Group Wrrnts	10½		-	-	-	-
§175	F.P.	-	194	175	P&P 10p	183	+1	12.62	5.0	1.9	13.9
§Ir0.60	F.P.	-	85	85	§Printech Intl. Ir0.05	85		Q12.62%	8.6	0.7	15.7
§Ir1.48	F.P.	-	80	80	§Reflex Ins. Ir0.05	80		Q22.8%	3.0	1.6	18.2
14	F.P.	23/4	18½	15	§Resort Hotels 10p	18		R0.42	2.5	3.2	14.3
§85	F.P.	-	86	83	§Total Systems 5p	83		R2.5	2.1	4.8	15.5
135	F.P.	22/4	151	136	U.K. Paper 10p	136	-2	R5.0	2.8	4.9	8.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100	F.P.	-	113p	111p	Adscene group 7¼pc Cv. Cm. Rd. Pf.	113p	
100	35p	-	38½	38	Co-op Bank 8.48% Cum. Red. Prf. 2013	38½	
100	F.P.	-	100	98	Hodgson Hldgs. 5p	99	+3
100	F.P.	-	76p	69p	Jerry International 5¼pc Cv Cm Rd Pf	75p	
-	F.P.	-	100½	100	N'wide Anglia 9⅞ Bd Red 13.3.89	100½	
-	F.P.	-	100⅛	99⅞	Do. 9½pc Bd 17.4.89	99⅞	
‡	Nil	-	6½	5¼	Slough Estates 6pc Cv Bd 2003	5¾	+½
100	F.P.	11/5	35p	29p	Systems Des. 6½pc Cv Cm Rd Prf £1	29p	-1

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
27	Nil	-	3pm	2½pm	Astra Hldgs. 5p	2½pm	
Ir1.50	Nil	-	59pm	45pm	Bank of Ireland Cap.	59pm	+1
250	Nil	-	135	124	Barclays £1	132	
35	Nil	26/3	15pm	7pm	Compsoft Holdings 5p	15pm	
20	Nil	3/6	42pm	29pm	F & H Group 10p	42pm	+1
500	Nil	25/5	32pm	22pm	Lucas Inds. £1	22pm	-6
91	Nil	-	27pm	21pm	Power Corp. Ir30p	27pm	
30	Nil	14/6	6pm	3pm	SEP Industrials 5p	3pm	
‡	Nil	11/5	65pm	18pm	SD-Scicon 5p	21pm	
5	Nil	-	40pm	31pm	West. Trust 2½p	40pm	+2
25	Nil	9/6	11pm	5pm	§Williams (J)	11pm	+1½

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. [illegible] Including warrants entitlement. * Third Market.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY APRIL 28 1988					WEDNESDAY APRIL 27 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (89)	121.77	+2.3	96.31	106.71	4.08	119.05	94.03	106.30	122.31	91.16	127.76
Austria (16)	91.80	+0.5	72.61	79.53	2.63	91.36	72.16	79.62	98.18	84.35	91.77
Belgium (65)	126.12	+0.8	99.75	109.32	4.57	125.12	98.83	109.08	139.89	99.14	121.00
Canada (125)	123.53	-0.4	97.71	110.16	3.03	124.07	98.00	110.37	125.49	107.06	125.82
Denmark (39)	120.32	+0.5	95.16	105.18	2.74	119.72	94.56	105.02	123.36	111.42	114.50
Finland (25)	127.94	+0.5	101.19	107.09	1.96	127.31	100.56	106.98	127.94	106.78	–
France (121)	90.19	+0.6	71.34	80.18	3.93	89.69	70.85	79.99	90.19	72.77	119.87
West Germany (99)	77.28	+0.8	61.12	67.03	2.73	76.64	60.54	66.74	80.79	67.78	93.40
Hong Kong (46)	102.38	-0.1	80.97	102.73	4.43	102.50	80.96	102.87	105.83	84.90	105.14
Ireland (18)	122.72	+0.9	97.06	108.14	4.24	121.61	96.05	107.46	123.91	104.60	121.92
Italy (102)	75.73	-0.1	59.89	70.17	2.67	75.82	59.89	70.53	81.74	62.99	110.98
Japan (457)	174.80	+1.1	138.26	137.68	0.52	172.85	136.53	136.63	177.27	133.61	151.70
Malaysia (36)	130.59	+0.6	103.29	129.53	2.79	129.79	102.52	128.84	130.59	107.83	151.61
Mexico (14)	130.62	-0.7	103.31	325.60	1.09	131.49	103.86	327.78	176.90	90.07	175.88
Netherland (38)	109.69	-0.3	86.75	93.67	4.94	110.06	86.94	94.36	110.66	95.23	113.28
New Zealand (22)	77.19	+0.1	61.05	60.96	5.38	77.08	60.88	61.23	79.15	64.42	94.92
Norway (25)	132.23	+1.5	104.58	110.42	2.67	130.29	102.91	109.07	132.23	98.55	134.39
Singapore (26)	111.21	+1.1	87.96	102.58	2.43	110.01	86.89	101.60	114.93	97.99	125.50
South Africa (60)	127.05	+0.7	100.49	79.46	5.27	126.19	99.67	79.10	139.07	118.16	174.25
Spain (42)	151.32	+0.0	119.68	126.50	3.37	151.29	119.50	126.87	155.36	130.73	112.21
Sweden (38)	122.82	-0.4	97.14	106.55	2.65	123.28	97.38	107.27	124.75	96.92	122.58
Switzerland (56)	80.32	-0.1	63.53	68.94	2.47	80.39	63.50	69.15	86.75	76.22	97.24
United Kingdom (329)	140.16	-0.2	110.86	110.86	4.31	140.51	110.99	110.99	141.18	123.09	137.37
USA (583)	106.82	-0.5	84.48	106.82	3.60	107.31	84.76	107.31	110.51	99.19	118.31
Europe (1013)	109.73	+0.0	86.79	91.61	3.81	109.68	86.63	91.68	110.71	97.01	118.29
Pacific Basin (676)	169.86	+1.1	134.35	135.00	0.70	167.95	132.66	134.01	172.26	130.81	149.08
Euro-Pacific (1689)	145.82	+0.8	115.33	117.77	1.64	144.65	114.26	117.19	147.53	120.36	136.80
North America (708)	107.71	-0.5	85.19	107.04	3.56	108.21	85.47	107.51	111.28	99.78	118.71
Europe Ex. UK (684)	90.88	+0.3	71.88	79.51	3.34	90.58	71.55	79.54	92.81	80.27	106.47
Pacific Ex. Japan (219)	110.28	+1.3	87.23	100.68	4.16	108.91	86.03	100.48	111.82	87.51	117.17
World Ex. US (1888)	144.85	+0.8	114.57	117.22	1.72	143.75	113.55	116.67	146.49	120.26	136.83
World Ex. UK (2142)	129.21	+0.4	102.20	113.92	2.09	128.64	101.61	113.69	130.28	111.77	128.84
World Ex. So. Af. (2411)	130.19	+0.4	102.97	113.87	2.28	129.70	102.45	113.67	130.96	113.26	129.31
World Ex. Japan (2014)	108.75	-0.2	86.01	101.17	3.69	108.97	86.07	101.46	110.99	100.00	119.09
The World Index (2471)	130.17	+0.4	102.96	113.62	2.30	129.68	102.43	113.42	130.92	113.37	129.60

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Friday April 29 1988						Thu Apr 28	Wed Apr 27	Tue Apr 26	Year ago (approx)	Highs and Lows Index			
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Index No.	Index No.	Index No.	Index No.	1988 High	1988 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (207)	764.68	-0.1	10.06	3.94	12.43	8.72	765.56	759.70	758.31	873.11	778.88 18/3	706.80 8/2	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (29)	1006.91	-0.4	10.90	3.88	11.33	7.83	1010.61	1019.02	1022.05	1090.07	1049.17 18/3	937.68 8/2	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (34)	1589.59	+0.2	9.36	3.33	14.13	17.12	1585.95	1590.97	1590.72	1445.02	1623.61 22/3	1385.83 4/1	1951.50 16/7/87	71.48 2/12/74
4	Electricals (12)	2048.53	+0.8	9.46	4.09	13.14	23.78	2023.41	2012.15	1990.46	2145.42	2119.41 4/3	1946.87 6/4	2733.45 20/7/87	84.71 25/6/62
5	Electronics (32)	1607.72	-0.8	10.25	3.33	12.73	12.47	1621.43	1547.81	1539.20	1915.87	1621.43 28/4	1423.66 9/2	2236.70 17/7/87	1229.01 8/10/85
6	Mechanical Engineering (56)	398.23	-0.1	10.05	4.38	12.49	6.34	390.67	389.97	391.91	496.23	403.88 18/3	367.20 8/2	544.57 14/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	449.93	+0.7	10.10	3.92	11.96	3.99	446.60	451.26	451.14	472.46	474.21 18/3	424.40 19/2	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	272.39	-0.2	11.74	4.50	9.87	4.79	272.92	275.40	272.97	336.79	295.15 18/3	259.79 5/4	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (24)	1265.52	+0.5	8.78	4.35	13.60	19.22	1258.92	1258.42	1249.20	1502.26	1299.50 18/3	1191.01 8/2	1736.80 22/9/87	277.55 15/1/81
21	CONSUMER GROUP (188)	1060.61	.....	8.66	3.48	14.71	6.67	1060.15	1076.57	1069.77	1198.86	1089.38 18/3	996.55 8/2	1406.32 16/7/87	61.41 13/12/74
22	Brewers and Distillers (21)	1093.54	-0.8	10.10	3.48	12.60	7.75	1102.64	1103.51	1072.12	1116.26	1103.51 27/4	951.87 8/2	1269.35 16/7/87	69.47 13/12/74
25	Food Manufacturing (23)	915.22	+0.3	8.73	3.65	14.60	8.45	912.53	929.41	916.76	900.93	929.41 27/4	803.40 6/4	1092.25 16/7/87	59.67 11/12/74
26	Food Retailing (16)	2046.59	-0.9	8.03	3.09	16.65	12.39	2064.60	2080.97	2117.31	2203.40	2179.42 18/3	1971.59 16/2	2649.96 16/7/87	54.25 11/12/74
27	Health and Household (12)	1774.95	+0.1	6.97	2.68	17.05	6.40	1772.85	1787.89	1783.23	2244.29	1927.94 18/3	1708.33 13/1	2699.85 16/7/87	175.38 28/5/80
29	Leisure (30)	1277.12	-0.2	8.04	3.71	15.91	11.44	1279.56	1288.99	1275.33	1381.86	1310.60 18/3	1142.19 4/1	1584.79 13/10/87	54.83 9/1/75
31	Packaging & Paper (17)	486.41	+0.4	9.23	3.94	14.16	4.07	484.51	487.18	485.43	628.20	524.57 4/3	473.11 6/4	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (16)	3315.91	+0.5	8.31	4.46	14.98	43.53	3298.60	3297.87	3274.56	3669.86	3632.86 4/3	3265.99 25/4	5070.66 5/10/87	55.08 6/1/75
34	Stores (35)	842.30	+0.9	9.16	3.67	14.62	2.31	834.60	840.62	840.19	1039.86	859.85 28/1	789.39 10/2	1160.58 29/7/87	52.63 6/1/75
35	Textiles (18)	607.60	+0.2	11.20	4.86	10.26	0.53	606.63	620.72	613.28	712.77	620.72 27/4	546.27 19/2	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (93)	867.51	-0.2	10.93	4.33	11.44	7.89	869.14	867.39	863.92	1020.57	912.74 18/3	834.42 8/2	1192.48 8/10/87	58.63 6/1/75
41	Agencies (19)	1132.89	+0.5	7.26	2.34	17.55	9.41	1126.97	1137.32	1137.97	1411.60	1219.02 18/3	1016.74 8/2	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (20)	992.47	+0.3	12.12	4.98	10.10	28.16	989.55	1001.57	999.37	1260.09	1121.06 6/1	971.71 5/4	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (14)	1162.00	+0.1	10.08	4.48	11.60	6.05	1160.67	1160.92	1155.26	1295.13	1206.32 4/3	1095.37 4/1	1547.01 8/10/87	975.19 10/11/87
45	Shipping and Transport (12)	1884.13	+0.1	9.78	4.51	13.54	21.37	1882.99	1885.57	1879.64	2060.38	1992.59 23/3	1718.96 4/1	2497.85 16/7/87	90.80 29/6/62
47	Telephone Networks (2)	960.23	-0.7	11.21	4.29	11.88	0.00	967.10	949.71	945.44	1099.75	998.54 18/3	880.24 12/1	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (26)	1116.95	-0.7	12.75	4.51	9.41	18.12	1124.43	1124.59	1116.68	1344.23	1217.48 23/3	1103.13 5/4	1773.70 5/10/87	60.39 6/7/75
49	INDUSTRIAL GROUP (488)	945.33	-0.1	9.64	3.83	13.00	7.89	945.90	947.01	942.72	1079.02	971.78 18/3	887.00 8/2	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (12)	1847.22	-0.3	10.45	5.55	12.36	38.41	1853.54	1849.07	1849.49	1930.49	1874.40 19/4	1699.17 13/1	2458.60 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1021.44	-0.1	9.76	4.08	12.97	10.46	1022.47	1023.13	1019.20	1151.10	1047.40 18/3	958.79 5/2	1369.80 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (122)	669.75	+0.3	–	4.95	–	11.59	667.52	668.06	668.33	711.19	688.20 18/3	630.02 8/2	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	622.08	+0.7	22.84	6.53	5.88	17.45	617.46	618.96	620.63	763.13	694.27 4/3	610.26 7/4	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	977.56	+0.3	–	5.13	–	24.97	975.07	978.30	981.30	975.42	1031.34 18/3	938.43 9/2	1285.72 9/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	540.73	-0.1	–	5.47	–	8.40	541.19	537.76	538.85	529.38	543.99 4/3	481.43 8/2	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	910.85	+1.0	10.73	6.97	12.00	26.67	902.26	905.54	896.21	1161.50	945.08 22/1	823.41 6/4	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	346.72	+0.4	–	4.15	–	3.81	345.31	346.79	347.35	368.70	361.64 15/3	334.73 5/4	547.59 12/10/87	31.21 7/1/75
69	Property (51)	1161.87	+0.4	4.78	2.67	26.79	4.88	1157.52	1155.97	1155.31	1037.47	1161.87 29/4	975.44 4/1	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (30)	387.12	-0.6	10.38	4.51	12.14	3.74	389.27	392.32	389.17	465.07	401.37 22/3	370.51 8/2	603.40 16/7/87	33.29 17/12/74
71	Investment Trusts (82)	873.99	+0.3	–	2.93	–	5.70	871.41	872.65	870.67	963.13	891.36 18/3	784.91 4/1	1207.90 5/10/87	71.12 13/12/74
81	Mining Finance (2)	467.01	+0.9	9.94	4.03	11.37	2.01	462.05	468.55	463.72	479.00	472.43 18/3	385.04 8/2	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (8)	1036.04	-0.5	10.36	5.23	11.33	20.07	1041.49	1049.67	1043.58	954.45	1049.67 27/4	969.88 4/1	1364.12 13/10/87	97.37 6/1/75
99	ALL-SHARE INDEX (714)	928.19	.....	–	4.18	–	10.38	928.28	929.14	926.12	1032.48	951.46 18/3	870.19 8/2	1238.57 16/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Apr 28	Apr 27	Apr 26	Apr 25	Apr 22	Year ago				
	FT-SE 100 SHARE INDEX ‡	1802.2	-2.2	1810.7	1796.8	1804.4	1806.7	1800.8	1777.6	1771.6	2068.5	1855.5 18/3	1694.5 8/2	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Apr 29	Day's change %	Thu Apr 28	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	123.49	+0.36	123.05	–	3.76
2	5-15 years	140.79	+0.71	139.80	–	4.46
3	Over 15 years	149.39	+0.84	148.15	–	5.65
4	Irredeemables	165.10	+0.73	163.90	–	6.08
5	All stocks	137.52	+0.62	136.68	–	4.41
	Index-Linked					
6	5 years	126.24	-0.06	126.32	–	0.51
7	Over 5 years	120.00	+0.19	119.78	–	1.18
8	All stocks	120.34	+0.16	120.14	–	1.12
9	Debentures & Loans	119.65	+0.23	119.62	0.24	4.31
10	Preference	91.76	+0.69	91.23	0.09	2.20

	AVERAGE GROSS REDEMPTION YIELDS		Fri Apr 29	Thu Apr 28	Year ago (approx.)	1988 High	1988 Low
	British Government						
1	Low	5 years	8.77	8.85	8.01	9.14 13/1	8.38 18/4
2	Coupons	15 years	9.13	9.22	8.74	9.83 13/1	6.90 18/4
3		25 years	9.01	9.08	8.75	9.57 13/1	8.82 18/4
4	Medium	5 years	9.20	9.33	8.75	9.85 13/1	8.75 18/4
5	Coupons	15 years	9.34	9.44	8.93	10.01 13/1	9.12 15/3
6		25 years	9.18	9.25	8.94	9.79 13/1	8.99 14/3
7	High	5 years	9.29	9.41	8.90	9.94 13/1	8.84 18/4
8	Coupons	15 years	9.49	9.59	9.07	10.16 13/1	9.26 15/3
9		25 years	9.23	9.31	8.90	9.82 13/1	9.03 15/3
10	Irredeemables †		9.00	9.08	8.83	9.51 13/1	8.65 18/4
	Index-Linked						
11	Inflation rate 5%	5yrs.	2.41	2.36	2.71	3.08 8/1	2.09 30/3
12	Inflation rate 5%	Over 5 yrs.	3.74	3.75	3.56	4.27 13/1	3.67 13/4
13	Inflation rate 10%	5yrs.	1.47	1.41	2.10	3.59 13/1	1.09 30/3
14	Inflation rate 10%	Over 5 yrs.	3.58	3.58	3.45	4.37 13/1	3.50 20/4
15	Debs &	5 years	10.54	10.67	9.84	11.08 13/1	10.54 29/4
16	Loans	15 years	10.55	10.52	10.02	11.07 1/1	10.51 19/4
17		25 years	10.55	10.52	10.05	11.11 1/1	10.51 19/4
18	Preference †		9.78	9.85	10.41	10.84 4/1	9.78 29/4

‡Opening index 1808.6; 10 am 1807.7; 11 am 1800.8; Noon 1806.4; 1 pm 1807.5; 2 pm 1808.3; 3 pm 1802.0; 3.30 pm 1797.8; 4 pm 1798.7

NAME CHANGES: Systems Designers is now SD-Scicon.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	5,800	General Accident	413	Prudential	582
Allied-Lyons	1,700	General Elect.	3,800	Racal	15,000
Amstrad	598	Glaxo	1,300	Rank Org.	233
Argyll Group	604	Globe Investment	306	RMC	613
Assoc. Brit. Foods	53	Granada	1,300	RHM	536
BAA	3,700	Grand Met	804	Reckitt & Colman	372
BAT	1,500	GUS "A"	156	Redland	351
BET	579	Guardian R.E.	319	Reed Intl.	1,600
BICC	81	GKN	1,000	Reuters "B"	574
BOC	303	Guinness	693	RTZ	1,500
BPB Inds	641	Hammerson	133	Rolls-Royce	3,300
BTR	1,900	Hanson	2,900	Rothmans "B"	144
Barclays	1,500	Hawker Siddeley	3,300	Rowntree	2,700
Bass	504	Hillsdown Holdings	394	Ryl Bank Scotland	1,600
Beecham	3,800	IMI	854	Royal Insurance	6,200
Blue Arrow	2,200	ICI	1,400	STC	2,300
Blue Circle	686	Jaguar	619	Saatchi & Saatchi	357
Boots	4,400	Ladbroke	204	Sainsbury	750
Brit. Airways	1,400	Land Securities	434	Scott & Newcastle	877
Brit. Aerospace	1,500	Laporte	131	Sears	1,300
Brit. & Comm.	1,800	Legal & General	1,600	Shell Transport	752
British Gas	3,600	Lloyds Bank	687	Smith & Nephew	1,600
BP	3,800	LASMO	2,800	Standard Chartered	181
Brit. Telecom	2,600	Lonrho	1,300	Storehouse	853
Burmah Oil	1,600	Lucas	419	Sun Alliance	343
Burton	767	MEPC	786	T & N	175
Cable & Wireless	4,300	Marks & Spencer	3,300	TSB	4,800
Cadbury Schweppes	3,700	Maxwell Comm.	74	Tarmac	1,700
Coats Viyella	802	Metal Box	1,300	Tesco	2,600
Commercial Union	2,400	Midland Bank	563	THORN EMI	1,700
Cons. Gold	1,500	NatWest Bank	1,400	Trafalgar House	470
Cookson	574	Next	385	Trusthouse Forte	1,100
Courtaulds	2,200	Northern Foods	5,700	Ultramar	6,900
Dalgety	598	Pearson	105	Unilever	1,100
Dee Corporation	1,300	[illegible] Group	418	United Biscuits	1,500
Dixons	2,600	P & O	536	Wellcome	1,100
English China Clays	1,000	Pilkington	1,900	Whitbread "A"	848
Enterprise Oil	695	Plessey	3,200	Williams Holdings	662
Fisons	4,500			Woolworth	1,200

ECONOMIC DIARY

TODAY: The Queen opens Expo 88, Brisbane.

TOMORROW: TUC May Day rally addressed by Mr Norman Willis, Ms Joan Ruddock, Mr John Prescott and Mr Arthur Scargill, Alexandra Palace, London. Protest against price rises called by Solidarity in Warsaw. Mr Jean-Marie Le Pen, French far right leader, announces which way members of his National Front Party should vote in second round of French presidential elections.

MONDAY: World Health Organisation annual assembly, Geneva. EC/ASEAN Ministerial two-day informal conference opens in Düsseldorf. West Germany's five leading economic research institutes present their report on the economy.

TUESDAY: Mr Noboru Takeshita, Japanese Prime Minister, starts official visit to London (until May 5). EC Internal Market/Consumer Affairs Ministers meet in Brussels, agenda includes mutual recognition of diplomas, and rights of abode. Edinburgh University Alcohol Research Group statement. Prince Charles addresses British/US conference on private sector urban initiatives, Lancaster House, London. US presidential primaries in Ohio and Indiana. New Czechoslovak government programme announced.

WEDNESDAY: Advance energy statistics for March. January-February figures for overseas travel and tourism. Capital issues and redemptions in April. April figures for UK official reserves. Detailed analysis of employment, unemployment, earning, prices, and other indicators. The Royal Institute of International Affairs holds conference on international capital flows and the future of financial markets, Chatham House, London. Mr Karoly Grosz, Hungarian Prime Minister, starts official visit to London, (until May 7). Advisory, Conciliation and Arbitration Service annual report published. BUPA launches new private health care scheme. Nuclear accident exercise at Sellafield. Unilever annual meeting, Amsterdam.

THURSDAY: Audit Commission statement on highways maintenance report. Local government elections. EC Ministers responsible for small enterprises and tourism two-day informal meeting opens in Glücksburg. Bundesbank council meets, Frankfurt.

FRIDAY: Marks and Spencers open first Asian store, in Kowloon. US unemployment figures for April.

INTERNATIONAL COMPANIES AND FINANCE

Philips cautious despite modest climb in income

BY LAURA RAUN IN AMSTERDAM

PHILIPS, THE Dutch electronics group, lifted first-quarter net profits by 6 per cent to Fl 217m ($116m) from Fl 205m a year earlier, on lower financial charges and taxes and higher earnings from non-consolidated companies.

But Philips expressed caution about the negative trends which emerged in 1987, when net income plunged by 19 per cent.

Mr Johannes Zantman, vice-president, explained yesterday: "We are still accelerating efforts aimed at increasing our readiness for battle and lowering our costs."

Commenting on rumours that Philips' Polygram subsidiary is contemplating a takeover of MGM/UA Communications of the US, Mr Zantman said: "Polygram talks to everyone."

He added that Philips still wanted to give Polygram, a music production company, more independence, in spite of a failed attempt last year to float it partially.

Philips owns 90 per cent of Polygram, which includes such prestigious music labels as Deutsche Grammofon, Decca Polydor and Casablanca.

It has staged a dramatic turnround in recent years, largely because of the success of compact disc recordings.

The first quarter offered Philips no reason to change its forecast for 1988, when it sees a possible fall in operating income. This dropped 18 per cent to Fl 679m in the January to March period, from Fl 826m a year earlier. Sales volume is expected to rise about 7 per cent this year.

Restructuring costs amounted to Fl 82m in the first quarter and will rise to as much as Fl 500m for the full year. The group aims to lay off up to 20,000 employees and close 70 European factories in coming years.

In the first quarter, sales climbed a modest 5 per cent to Fl 12.4bn, from Fl 11.9bn in the year-earlier period. All product sectors contributed to the increase, especially lighting, domestic appliances and electronic components.

European sales lift Volvo Truck

BY ROBERT TAYLOR, NORDIC CORRESPONDENT, IN STOCKHOLM

VOLVO TRUCK Corporation, subsidiary of the Swedish motor and industrial group, yesterday reported a 50 per cent increase in 1987 operating profits to a record SKr1.6bn ($273m), helped by a rise in sales from SKr15.9bn to SKr17.4bn.

The company also cited better operating margins, chiefly in Europe, and "very good utilisation of production." Returns on equity rose from 13 per cent in 1986 to 24 per cent.

Although the truck industry is suffering from overcapacity, there was a 14 per cent increase in heavy duty truck sales in western Europe and 16 per cent in the US. During 1987 Volvo delivered 47,700 trucks worldwide, with 23,000 deliveries in western Europe.

Its market share rose to 17.7 per cent in Britain last year, up by 2.2 percentage points on the 1986 figure. Substantial market share increases also occurred in Italy, Spain and Portugal.

Volvo plans to double its truck production capacity at its US plants this year and capacity is also to be increased by 20 per cent in Scotland and 25 per cent in Belgium.

Bayer to hold dividend after slight gain

By Our Financial Staff

BAYER, THE West German chemicals concern, has reported a 14 per cent rise in 1987 group net income, climbing to DM1.54bn ($930m) from DM1.35bn a year earlier.

The 1987 dividend will remain steady at DM10 a share, plus a DM1 a share bonus to celebrate the company's 125th anniversary. The company said it would pay out a total of DM680m to shareholders, up from DM589m a year earlier.

The rise in group net income exceeded the 8 per cent gain in pre-tax profit reported in March.

Impala Platinum to take 55% stake in Messina

BY OUR JOHANNESBURG CORRESPONDENT

IMPALA PLATINUM, South Africa's second largest platinum producer, is to acquire a controlling interest in Messina, the copper mining company with platinum interests in Lebowa, the northern Transvaal black "homeland."

Agreement has been reached with Sankorp, the investment arm of the Sanlam insurance group, to acquire its 55 per cent interest in Messina for about R92m ($42.8m).

A similar offer, on the basis of 50 new Impala shares plus R175 cash for every 100 Messina shares, will be made to Messina's minority shareholders.

Impala is controlled and managed by Gencor, the mining house which is an indirect subsidiary of Sanlam.

The acquisition stems in part from Impala's difficulties in Bophuthatswana, another "homeland," where the Bafokeng tribe has refused to grant the mining company additional mineral rights.

Messina has not disclosed details of its platinum rights in Lebowa, but exploration has reached the stage at which a decision can be made about establishing a mine.

Rocketing costs for health care hit Aetna

By James Buchan in New York

AETNA LIFE & Casualty, the largest quoted US insurance company, yesterday reported a 30 per cent drop in net operating income in the first quarter because of the increased competition in property/casualty business and continued losses from underwriting group health policies.

In a statement which sent Aetna's share price down and raises darker prospects for the industry as a whole, Mr James Lynn, chairman, said: "It is very unlikely that Aetna will match its record earnings performance of 1987."

However, Mr Lynn added full-year results would be "better than the first quarter would indicate."

Net earnings from operations were $127.5m or $1.11 a share, against $182m or $1.56 in the 1987 first quarter. The main problems came in Aetna's employee benefits division, where earnings fell from $71m to $46m because rocketing health-care costs have left policies looking badly underpriced.

In personal auto insurance, bad weather and increased injury claims caused a small loss.

In commercial insurance, where the main competitive pressures are now building up, Aetna's premiums fell 5 per cent to $975m, although earnings picked up from $58m to $60m.

Overall, premiums rose from $3.8bn to $4.57bn.

Skopbank seeks Helsinki listing

SKOPBANK, THE Finnish savings bank group, plans to raise FM495m ($124.3m) through its first ever public share issue and will seek a listing on the Helsinki Stock Exchange before the end of this year, writes Olli Virtanen in Helsinki.

The issue will increase the bank's share capital by FM150m to FM1.15bn.

Darty bolsters defences through FFr6.6bn buyout

BY GEORGE GRAHAM IN PARIS

DARTY, THE leading French electrical retailer, is taking preemptive action against a possible predator, with a FFr6.65bn ($1.2bn) management buyout.

Financière Darty, a new holding company understood to be controlled by existing management, is to bid FFr400 a share for the company. The family shareholders, with an estimated 25 per cent of the capital and 35 per cent of the voting rights, will accept the bid.

Friendly institutional shareholders, including the bank Crédit Lyonnais and Union des Assurances de Paris, the insurance company, are understood to be backing the operation. There have been other share purchases by the group in the past weeks, assuring the buyout.

Darty's shares have been heavily traded in recent sessions, and ended at FFr388 yesterday, a gain of 13 per cent over the week.

The buyout offer values the company at 26 times its earnings of FFr257.7m in the year ending February 28 1987. A further 25 to 30 per cent increase was expected for last year's results, giving a price/earnings ratio of about 20.

Several stock market analysts argue that the company is heavily overvalued at the price, since it faces increasing competition in the white and brown goods markets – where its market share is currently more than 11 per cent – from foreign retailers entering the French market.

Analysts believe the French electrical goods market is relatively underdeveloped, with penetration lagging behind the UK, except for dishwashers.

Kajima in HK hotel venture

BY DAVID DODWELL IN HONG KONG

KAJIMA, A leading Japanese construction group, has agreed a joint venture with Allied Properties, the Hong Kong-based property group controlled by the Malaysian Mr Lee Ming Tee, to develop what they claim will be the territory's largest hotel and commercial complex.

The new joint venture company will pay HK$845m (US$108.3m) to subsidiaries of Allied Properties that currently own a 33,000 sq ft site in the Wanchai area of Hong Kong island.

The twin-tower hotel to be built on the site, to be called the Wanchai Hotel, is expected to have 1,100 rooms and is forecast to cost about HK$1.6bn. Hong Kong's largest hotel at present is the Excelsior, owned by the Mandarin Hotels group, which has about 900 rooms.

Allied Properties and Kajima said yesterday that their joint venture company was also pursuing other property ventures.

●Hang Lung Development and Amoy Properties, two Hong Kong property groups controlled by the family of Mr Chan Tseng Hsi, have acquired for HK$382m a controlling stake in a group called Local Property.

Sir Y.K. Pao's Wharf Holdings, the current owner of Local Property, had invited sealed tenders for the group, which controls a number of prime sites in the territory's Central business district.

A primary attraction is understood to be that Local Property is one of just five companies in Hong Kong that has a two-tier share structure.

The Government moved last year to ban the creation of these structures because of the potential for owners to retain control by diluting holdings of ordinary A shares but hoarding a majority of cheaper B shares.

Nedbank sharply ahead at mid term

BY JIM JONES IN JOHANNESBURG

NEDBANK, South Africa's third largest banking group, almost doubled the disclosed net profits of its commercial banking arm in the six months to March in spite of what management describes as a steep rise in the cost of wholesale funding.

Net earnings at the commercial bank were given as R60.9m ($28.3m) against R32.4m in the previous first half, after a lower bad debt provision lifted pre-tax profits to R114.6m from R77.3m.

Mr Piet Liebenberg, chief executive, says banking margins were squeezed by strong competition for corporate loan business but that they widened toward the end of the half year. Retail and commercial advances were below budget, with very little increase over the previous year.

Mr Liebenberg believes commercial overdraft lending should increase with the greater buoyancy of the economy. The group's total advances rose to R10.13bn at March 31 from R9.77bn at the end of September and total assets grew to R15.43bn from R14.3bn.

From net earnings of 59.9 cents a share against 37.2 cents, the interim dividend has been lifted to 13 cents from 11 cents.

●Barlow Rand, the mining and industrial group, is bidding for a 45 per cent interest in French Bank, the South African subsidiary of France's Indosuez banking group.

Indosuez does not intend selling its 53.6 per cent interest at present, although Johannesburg banking analysts believe it might do so once Barlow Rand's present bid is completed and French Bank's stock market listing is terminated.

Gencor has agreed to sell its 30 per cent interest in French Bank and supports Barlow Rand's bid of R3.95 for each French Bank share or 20 Barlow Rand shares plus R9 cash for 100 French Bank shares.

French Bank specialises in trade finance, particularly the financing of wool and agricultural exports.

Trinkaus raises earnings to DM32.8m

By Haig Simonian in Frankfurt

TRINKAUS & BURKHARDT, the West German bank majority-owned by Midland Bank, raised its partial group operating profits by more than 12 per cent to DM82.8m ($49.8m) last year, in spite of the stock market crash, which has depressed most German banks' earnings.

After-tax earnings rose by a similar proportion, to DM32.8m.

However, full operating profits, which include gains from trading on its own account, fell appreciably.

Unlike most of its counterparts which have taken sharp losses on their equity holdings, Trinkaus actually reduced its write-downs for securities last year, thanks to a decision to sell shares early in the crash.

Kaufhof increase in line with expectation

KAUFHOF, THE West German store and retail group, kept up its high growth of recent years with a 22 per cent gain in 1987 net profits to DM94m, roughly in line with analysts' expectations, Andrew Fisher writes from Frankfurt.

Turnover was 7 per cent higher, at almost DM10bn and the dividend is being maintained at DM8 a share.

The Cologne-based group, in which the privately owned Metro cash-and-carry concern has a near 50 per cent stake, has in the past two years invested nearly DM600m in its stores and new activities.

Commission blocks offer for CDC Life

THE ONTARIO and Quebec Securities Commission has blocked a C$140m (US113.8$m) share tender offer by Institut Merieux, a Rhône Poulenc subsidiary, for 26 per cent of CDC Life Sciences, a leading Canadian biotech firm specialising in insulin and vaccine manufacture, Robert Gibbens writes from Montreal.

The commission found the offer breached Canadian securities laws because a second stage would have been unfair to shareholders at large.

WORLD COMMODITIES PRICES

Week in the Markets

ZINC WAS a late participant in the 1987 base metals boom but it has gradually become clear to consumers that the factors which boosted other metal prices – supply shortages caused by unexpectedly high demand – are affecting zinc as well.

The London Metal Exchange price of zinc for immediate delivery has climbed to the highest level for 13½ years this week and analysts believe it still has some way to go.

Demand is coming from the galvanised steel industry which in turn is feeding off the increased use of their product by the car makers.

The extent of the recent build-up in demand can be guaged by the fall in world producer stocks in March by 45,000 tonnes to 318,000 tonnes when the average rate of decline in stock levels through the 1980s so far has been only 30,000 tonnes a year.

Producers certainly feel the LME prices are justified and have been following the lead at a rapid rate. The European Producer Price settled at $1,030 a tonne this week (equivalent to £548) having risen by more than 25 per cent or $210 in the past five months.

Some traders suggested that prices have risen too far too fast and the market is due for a correction. However, analysts contend that the underlying trend is for zinc to continue to advance to about $1,200 a tonne (£638.50) compared with $1,100.60 (£585.75) for cash metal in late trading yesterday.

Meanwhile, the nickel market during the past week has been so volatile that even the professionals have been nervous.

The cash price on the LME ended only $350 down on the week at $18,100. But during the five days it jumped by $2,450 on Monday, held the advance on Tuesday, then slumped by $3,325 on Wednesday and regained $1,200 on Thursday.

Analysts say that, whereas the price of zinc might weaken in the final quarter of this year, there is no sign on the horizon of the increase in nickel production necessary to bring LME prices back to more normal levels.

Oil prices finished the week on a bearish note as talks between members of the Organisation of Petroleum Exporting Countries dragged on in Vienna with no agreement in sight. Prices plunged about $1 a barrel below the highs touched in mid-week. Opec ministers were divided on how to respond to an offer by five non-Opec oil producers to cut exports by 5 per cent provided Opec members cut their exports by a proportionate amount.

Meanwhile the Baltic International Freight Futures market celebrated the close of its third year of trading yesterday with the news that its dry feight futures contract traded a record 13,797 lots in April. Mr Richard Duncan, chairman of Biffex - as the market is known, told traders after the morning session that it had been a "hard and sometimes slow slog" to build up volume – but the exchange's message now appeared to be getting through to the shipping community.

The market recovered some stability this week after falling 182 points last week and 137 points in the previous week. The July position closed at 1,240 points, down 2 on the day but up 41 points on the week. Trading is based on $10 per index point.

The underlying Baltic Freight Index (BFI) continued to fall in line with the weakening physical market throughout the week, ending at 1,358 points against 1,415.5 last Friday. However, traders believe the July futures contract has bottomed out. July is traditionally the worst month for shipping, reflecting the pause between grain harvests and the lack of interest in coal and ore in the summer.

Coffee prices have fallen further further this week, as the International Coffee Organisation met in London to discuss the future of the coffee agreement, which ends in September next year. But delegates said no firm decisions were likely before the next ICO Council meeting in September this year.

The three-month robusta contract on London Fox closed yesterday down another £58 on the week at £1,042 a tonne after hitting new 5½-year lows during the day. The low prices could soon spark another cut in ICO export quotas, dealers said. The latest available ICO 15-day indicator price is 116.47 cents a lb. A cut of 1.5m bags to 53m bags will occur if the indicator price falls below 115 cents a lb.

Kenneth Gooding and David Blackwell

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1987/88	Low 1987/88
Gold per troy oz.	$449.00	-0.25	$454.25	$499.5	$390.25
Silver per troy oz	344.25p	+4.80	476.00p	653.6p	339.45p
Aluminium 99.7% (cash)	$2460	+50	- *	$2980	$1595
Copper Grade A (cash)	£1141.0	-26.5	$895.00	£1707.5	£870.25
Lead(cash)	£343.5	+2.5	£386	£445	£288.75
Nickel (cash)	$18100	-350	£2437.50	$22200	$3424.5
Zinc (cash)	£585.75	+2.25	£476.25	£606	£441.5
Tin (cash)	£3645	+10	£4155	£4625	£3635
Cocoa Futures (Jly)	£933	+35	£1292.5	£1439.5	£855
Coffee Futures (Jly)	£1042	-58	£1327.5	£1655.5	£1042
Sugar (LDP Raw)	$230.6	+4.4	$182.5	$265.4	$139.5
Barley Futures (Sep)	£98.7	+0.3	£99.55	£118.55	£95.3
Wheat Futures (Jly)	£107.1	+2.5	£124.1	£125.5	£98.75
Cotton Outlook A Index	65.65c	-0.25	-	87.8c	62.65c
Wool (64s Super)	660p	+50	470p	660p	416p
Rubber (Spot)	65.25p	-0.50	62.0p	71.5c	59.5c
Oil (Brent Blend)	$16.675y	-0.505	$18.6	$20.725	$13.975

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents/lb, y-May. *Aluminium 99.7% only quoted since July.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.10-5.20t	-0.40
Brent Blend	$16.65-6.70w	-0.30
W.T.I (1 pm est)	$17.79-7.84t	-0.36
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$189-191	-1.5
Gas Oil (Soviet)	$150-152	-3

COCOA £/tonne

	Close	Previous	High/Low	
May	913	906	914	903
Jly	933	923	933	923
Sep	945	940	951	939
Dec	964	960	971	959
Mar	990	981	992	982
May	1005	1001	1006	1004
Jul	1023	1018	1027	1021

Turnover: 6857 (3618) lots of 10 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,500 tonne
Cash	2450-70	2380-90		2450-70		
3 months	2210-20	2175-85		2220-30	2200-20	4,538 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 12,550 tonne
Cash	1304-9	1268-72	1300	1300-02		
3 months	1159-60	1147.5-8.5	1165/1159	1164-5	1163-4	49,788 lots
Copper, Grade A (£ per tonne)						Ring turnover 27,000 tonne
Cash	1140-2	1152-4	1145/1140	1141-2		
3 months	1079-80	1091-2	1090/1078	1081-2	1083-4	71,413 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1090-100	1100-10		1090-100		
3 months	1040-60	1050-60		1040-60		29 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	643-5	649-51		643-6		
3 months	654-6	660-2		654-7	653-8	691 lots
Lead (£ per tonne)						Ring turnover 6,750 tonne
Cash	343-4	347-8	344.5/343	344-5		
3 months	329-30	331-2	330/327	328-9	328-9	10,837 lots
Nickel ($ per tonne)						Ring turnover 1,452 tonne
Cash	18000-200	18400-800	18250/18000	17900-8400		
3 months	14000-100	14400-500	14300/13500	14250-300	13500-700	6,590 lots
Zinc (£ per tonne)						Ring turnover 19,025 tonne
Cash	585.5-6	583-4	589	589-90		
3 months	584-5	577-8	587/579	581.5-2.5	586.5-7	17,751 lots

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	July	May	July

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	448¾-449¼	238¾-239
Opening	449-449½	238½-240

US MARKETS

The precious metals closed mixed, gold lower on trade and speculative selling, silver on short-covering following the failure to penetrate underlying support, reports Drexel Burnham Lambert. Copper finished higher on short-covering and position-squaring in the May contract. In the energy complex, initial weakness left the markets oversold, a combination of local short-covering and trade buying took prices higher, although trade selling was noted at the highs. Coffee continued to ease with speculative and fund selling in the face of scale-down trade buying. Cocoa continued its technical rally. Sugar failed to hold early gains as trade and producer-type selling touched off commission house stops and forced local long-liquidation. Cattle futures rallied in line with the cash market as fundamentals reasserted themselves. Pork bellies continued to reflect lower cash values while short-covering steadied hogs. Professional buying firmed the soybean complex and helped firm corn despite early pressure from deliveries against the May contract. Lack of expectations of rain also influenced the rally. Wheat, on the other hand, failed to make headway after easing with deliveries.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	451.0	450.6	0	0
Jun	452.6	452.6	453.4	450.8
Jul	454.8	0	0	0
Aug	457.0	457.0	457.4	455.3
Oct	461.7	461.7	461.8	460.0
Dec	466.5	466.5	467.3	464.7
Feb	471.5	471.4	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	93.60	91.00	93.80	90.40
Jun	91.20	89.30	0	0
Jul	89.70	87.60	89.90	86.80
Sep	86.80	85.00	87.00	84.30
Dec	83.60	81.70	83.25	81.25
Jan	83.20	81.20	0	0
Mar	82.35	80.30	80.25	80.00
May	81.85	79.50	81.50	79.50
Jul	81.35	79.00	0	0
Sep	80.85	78.50	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	689/4	675/6	690/0	675/4
Jul	698/4	686/4	699/0	684/4
Aug	702/4	690/6	702/4	688/4
Sep	705/2	692/0	705/4	690/4
Nov	713/4	701/0	714/0	698/4
Jan	720/2	709/0	720/4	707/0
Mar	728/0	716/4	728/0	715/0

WORLD STOCK MARKETS

Wall Street

Prime rate rise starts Dow decline

Morning selling dried up by midday yesterday and Wall Street stocks started to show moderate losses.

The market's fall began after a prime rate increase and was assisted by futures-related selling. Another negative factor was the upward revision of the January and February economic indicators.

The Dow Jones Industrial Average lost 15 to 2,036 after touching an earlier low of 2,024. Declining issues led gaining ones by eight to three.

Riggs National, which pioneered the last prime rate rise, raised it today by ¼ point to 8¾ per cent. Bond prices initially rose on the news, but later pulled back.

Canada

Golds and base metals led a general decline in Toronto at midsession.

The composite index, which had risen about 2 points in early trade, dropped 5.8 to 3,335.2 as declines outpaced advances by 348 to 236 on turnover of 16.5m shares.

Among the most active stocks, First City slipped C$⅛ to C$17, while Canterra Energy and Canfor were unchanged at C$3 and C$26¼ respectively.

In base metals, Alcan Aluminium lost C$¼ to C$34⅝ and Inco fell C$½ to C$34¼.

Golds were mostly lower, with American Barrick dropping C$¼ to C$25¼, Hemlo Gold falling C$⅛ to C$15¼, Echo Bay losing C$½ to C$25⅞ and Giant Yellowknife shedding C$1 to C$17¼.

North American closing prices were not available for reports in this edition

Frankfurt

Short-covering lifted Frankfurt prices in the second half of the session, as shares ended mixed but at their day's highs.

Interest rate worries kept trading quiet, discouraging both domestic and foreign investors.

The Commerzbank index of 60 shares lost 11.3 to 1,356.2 and the FAZ shed 2.14 to 447.07.

Chemical Bayer ended 20 pfg firmer at DM266.20. After the close, it reported 1987 group net profit up 14 per cent to DM1.54bn and said it would pay a DM1 jubilee bonus in addition to its unchanged DM10 dividend.

Engineering company Linde made one of the biggest gains, adding DM17 to DM640.

Deutsche Babcock fell DM10.30 to DM146.90 after Thursday's decision at the annual shareholders' meeting to limit voting rights to 5 per cent of capital.

Singapore

Speculative buying and bargain hunting pushed Singapore shares marginally higher in moderate trading.

Institutional investors stayed on the sidelines at the approach of a long weekend.

Promet Berhad, relisted after a one-and-a-half-year suspension, was the most active stock with a turnover of about 8m shares. It rose 2 cents to 43.5 cents.

Public Bank gained 13 cents to S$1.81. Dates for its bonus and rights issues are expected to be announced soon.

Australia

Option exercises boosted volume in Australia and equities closed higher in most sectors. Sellers were scarce, which helped to boost selected stocks on low volumes.

The All Ordinaries index rose 6.6 to 1,456.5 and the All Mining gained 5.1 to 703 on national turnover of 152m shares.

Speculation over the sale of Mr Robert Holmes à Court's stake in Bell Group to Bond and the West Australian State Government Insurance Commission helped boost sentiment. Bell Group lost 2 cents to A$1.70 as 3.4m shares changed hands and Bell Resources lost 7 cents to A$1.63 on turnover of 11.69m. Bond advanced 14 cents to A$1.85.

Hong Kong

The suspension of dealings in 13 companies left Hong Kong prices higher, but trading was sluggish.

The Hang Seng index picked up 14.73 to 2,602.87 after an early 11-point drop on turnover of HK$772.09m, down from HK$913.83m.

Two of the companies suspended, Hang Lung and Amoy Properties, announced the purchase of a controlling interest in Local Property for HK$382m and an extension of their offer for outstanding shares in the company, which was suspended on April 20.

Brussels

Trading volume picked up towards the end of the session, leaving Belgian shares slightly firmer. Investors were encouraged by news that a deal to form a new government was close.

Tractebel made one of the strongest gains, rising BFr150 to BFr6,650.

Amsterdam

The weaker dollar and early falls on Wall Street subdued buying interest, leaving Dutch share prices slightly lower.

Dull trade left the CBS all-share index down 0.1 at 84.8.

Philips closed 20 cents firmer at Fl 28.40 after announcing a rise in first quarter profits to Fl 217m from Fl 205m. It said later that it stuck by its February forecast of 1988 profits in line with those of last year.

Akzo, the chemicals and fibres group, dropped Fl 3.80 to Fl 109.40 on profit-taking after announcing a rise in first year profits on Thursday.

Paris

Bargain-hunting pulled French shares above their lows, but most still ended slightly down.

Retailer Darty revealed a proposed management buyout. Its shares were suspended prior to the announcement, FFr16 higher at FFr388.

Insurer Cie du Midi, the focus of takeover speculation, lost FFr23 to FFr1,750.

Source Perrier, which reported a jump in 1987 profit to FFr570m compared with FFr262m in the previous 15 months, gained FFr5 to FFr675.

Zurich

There were few fresh factors to affect Swiss shares, as the Swiss Bank index edged 0.9 lower to 519.2.

Hoffmann-La Roche baby certificates were unchanged at SFr10,500 after its announcement on Thursday of a 15.9 per cent increase in 1987 net profit and an increase in dividend to SFr660 from SFr625.

Milan

Buying orders from abroad pushed Milan shares higher in fairly lively trading.

The MIB share index gained 0.97 per cent to 1,044.

Olivetti gained L10 to L10,200 after reaching L10,390 earlier. It reported sharply lower annual profits and unchanged dividends after the bourse's official close on Thursday.

● Tokyo was closed yesterday for the Emperor's Birthday.

AUSTRIA

April 29	Sch	+ or –
Creditanstalt	2,000	+10
Goesser	2,695	.....
Interunfall	9,700	.....
Jungbunzlauer	7,350	–90
Laenderbank	360	+6
Perlmooser	660	+10
Steyr-Daimler	87	+2
Veitscher Mag	630	+17

BELGIUM/LUXEMBOURG

April 29	Frs.	+ or –
B.B.L.	2,705	.....
Banque Gen. Du. L.	13,800	.....
Bank Int. A	13,000	.....
Bekaert B	9,300	–100
Cimont CBR	5,440	+80
Cockerill	175	–1
Colruyt	8,300	+40
Delhaize	4,305	–145
EBES	4,600	+50
Fabrique Nat	780	+28
GB Inno BM	1,188	+14
GBL(BruxL)	3,125	+25
Generale Bank	5,300	+50
Gevaert	7,180	+40
Hoboken	7,930	+30
Intercom	3,710	+65
Kredietbank	4,000	+5
Pan Holdings	11,900	.....
Petrofina	11,100	+50
Raffinerie Tirle	1,422	–16
Royale Belge	5,830	–40
Soc Gen Belge	4,765	.....
Sofina	12,150	.....
Solvay	12,400	+350
Stanwick Intl	175	.....
Tractebel	6,650	+150
UCB	8,890	+100
Wagons Lits	5,070	+50

DENMARK

April 28	Kr	+ or –
Baltica Hldgs	458	–7
Carlsberg	1,020	.....
Cop Handelsbank	233	.....
D. Sukkerfab	331	–8
Den Danske Bank	326	–0.25
East Asiatic	165	.....
GNT Holding	190	+3
I.S.S. B Systems	690	+4
Jyske Bank	395 xa	.....
Novo Inds	187	–1
Privatbanken	210	.....
Sophus Berendsen	780	–8
Superfos	2,100	.....

FINLAND

April 29	Mka	+ or –
Amer	203	–3.5
Finnish Sugar	60.25	–0.25
KOP	56	+0.25
Kone	225	–7.5
Kymmene	112.5	–2
Nokia	167.5	.....
Pohjola 'B'	82.5	–0.45
Rauma-Repola	31.15	–0.8
Stockmann 'B'	248.5	+3
UBF 'C'	33.75	–0.45
Utd. Paper	118.5	+1
Wartsila (s11)	225	–3.5

FRANCE

April 29	Frs.	+ or –
Emprunt 4.5% '73	1,460	.....
Accor	405	–7
Air Liquide	480	–7
Alcatel	1,815	–47
BIC	606	+1
BNP (Cert.Inv.)	249	.....
Bongrain	2,021	–20
Bouygues	844	+1
BSN Gervais	4,198	–22
Carrefour	2,252	–58
Club Mediterranee	385	–12
Cie Bancaire	392	–1
Cie Fin. de Suez	227	–1
Cofimeg	296	+7
CGE	240	–1.2
Damart	1,949	–37
Darty	388	+16
Dumez S.A.	529	+3
Eaux (Cie Gen)	1,125	–13
Elf-Aquitaine	285	–2
Essilor	2,052	–27
Gen. Occidentale	681	+7
Havas	544	–5
Imetal	172.2	+1.3
LVMH	1,850	.....
Lafarge Coppee	1,129	–26
L'Oreal	3,052	–48
Legrand	2,520	–30
Maisons Phenix	52	+1
Matra S.A.	163	+1
Michelin B	189	–6
Midi (Cie)	1,750	–23
Moulinex	73	–0
Nord Est	86	–4
Paribas	348	–2
Pernod Ricard	840	+15
Perrier	675	+5
Peugeot S.A.	1,030	–21
Printemps Au	430	–5
Radiotech	750	–27
Redoute	2,250	–68
Roussel-Uclaf	811	+3
St. Gobain	411	+3
Sefimeg	410	–7
Skis Rossignol	713	–19
Telemech Elect	5,505 #	.....
Thompson (CSF)	168	–6
Total-Petroles Fr.	340	–6
Valeo	419	–5

GERMANY

April 29	Dm.	+ or –
AEG	204.7	+1.2
Allianz AG	1,325	+6
BASF	242.2	–0.4
Bayer	266.2	+0.2
Bayer-Hypo	340	+2
Bayer-Verein	338	+1
BHF-Bank	373	–9
BMW	511	+3
Brown Boveri	322	+1
Commerzbank	226	–2
Cont'l Gummi	245.8	–1.3
Daimler-Benz	611	+2
Degussa	338.5	–0.5
D'sche Babcock	146.9	–10.3
Deutsche Bank	410	–1
Dresdner Bank	242	+1.5
Feldmuehle Nobel	279	–2.5
Henkel	504.8	–1.2
Hochtief	461.5	–0.5
Hoechst	254.2	+2.2
Hoesch Werke	123	–0.5
Holzmann (P)	322.5	–0.5
Horten	184	–4
Hussel	463	–5
Karstadt	453	–4
Kaufhof	404	–9.4
KHD	103	+0.5
Kloeckner Werke	90	–0.1
Linde	640	+17
Lufthansa	149.5	+0.3
MAN	174.3	–0.9
Mannesman	135.9	–0.9
Mercedes Hld	489	+5
Metallgesell	271.8	+2.8
Muench Rueck	1,860	–50
Nixdorf	507.5	–0.3
Porsche	529	–1
Preussag	163	.....
Rhein West Elect	202.5	–0.8
Rosenthal	190	–1
Schering	451	–2.2
Siemens	341	+0.9
Thyssen	132.7	+1
Varta	258	–5
Veba	249.2	–1.8
V.E.W.	164.2	.....
Verein-West	348	.....
Volkswagen	239.4	+1.9

ITALY

April 29	Lire	+ or –
Banca Com'le	2,210	+50
Bastogi-IRBS	234	–0
CIR	5,610	+15
Credito Italiano	1,195	+54
Fiat	9,250	+135
Generali Assicur	87,150	+1,130
Italcementi	99,350	+300
La Rinascente	3,850	+30
Montedison	1,589	+9
Olivetti	10,200	+10
Pirelli Co	4,050	+40
Pirelli Spa	2,750	+30
Saipem	2,115	+15
Sala BPD	1,871	+50
Toro Assic	16,900	+290

NETHERLANDS

April 29	Fls.	+ or –
ACF Holding	52.00	+1.5
AEGON	74.70	+0.1
Ahold	71.10	–0.1
AKZO	109.40	–3.8
ABN	38.90	.....
AMEV	50.80	–0.6
AMRO	64.90	–0.3
Borsumij Wehry	91.70	–0.6
Buehrmann-Tet	45.00	.....
Dordtsche Petroleum	214.60	–0.1
Elsevier Ndu	51.00	+0.5
Fokker	27.60	.....
Gist Brocades	33.60	–0.2
Heineken	130.00	–0.8
Hoogovens	39.40	–0.6
Hunter Douglas	47.30	–0.7
IHC Calland	14.50	–0.5
Int Mueller	51.50	+1.4
KLM	34.80	.....
KNP	128.2 xc	+0.2
Nat Ned Cert	58.90	–0.2
Ned Mid Bank	153.70	+0.7
Nedlloyd	248.00	–1
Oce Grinten	215.00	–2
Ommeren (Van)	25.30	–0.2
Pakhoed	80.30	+0.5
Philips	28.40	+0.2
Robeco	89.60	+0.7
Rodamco	152.00	.....
Rolinco	85.40	+0.9
Rorento	56.80	–0.1
Royal Dutch	230.50	–0.2
Unilever	109.90	–1.2
VMF Stork	16.00	–0.1
VNU	83.50	+0.5
Wessanen	68.40	+0.1
Wolters Kluwer	130.50	+1.5

NORWAY

April 29	Kroner	+ or –
Aker Norcem	51.00	–0.5
Bergens Bank	131.00	–2.5
Bergesen B	492.50	+13.5
Christiania Bk	121.00	+1
Den Norske Credit	106.50	–13.5
Elkem	114.00	.....
Hafslund	560.00	–5
Kosmos	115.00	–5
Kvaerner	237.00	+2
Norsk Data	76.00	–3
Norsk Hydro	207.00	–10
Orkla Borregaard	418.00	–4.5
Storebrand	55.00	–1

SPAIN

April 29	Pts.%	+ or –
Alcazar	605	.....
Banco Bilbao	1,355	.....
Banco Central	1,199	+2
Banco Exterior	446	.....
Banco Hispano	805	–4
Banco Popular	1,740	–3
Banco Santander	1,252	.....
Banco Vizcaya	1,355	.....
Banesto	1,130	.....
Dragados	450.5	–5.5
Hidrola	96.7	+0.5
Iberduero	138	+0.5
Petroleos	470	–3
Telefonica	169.7	+0.7

SWEDEN

April 29	Kroner	+ or –
AGA (Free)	178	–1
Alfa-Laval	368	–2
ASEA B (Free)	353	–3
Astra B (Free)	197	+1
Atlas Copco	197	–1
Electrolux B	251	.....
Ericsson	246	+2
Esselte	180	+5
Mo Och Domsjo	327	–3
Pharmacia	150	–1
Saab-Scania (Free)	205	+3
Sandvik	192	.....
Skandia Ins	143	+1
Skandia Intl	148	+2
Stan Enskilda	133	.....
SKF	242	–23
St Kopparbergs	394	+9
Svka Cellulosa	345	+3
Svka Handelsbn	106	–1
Swedish Match	137	.....
Volvo B (Free)	341	–2

SWITZERLAND

April 29	Frs.	+ or –
Adia Intl	7,375	–50
Alusuisse	700	–7
Bank Leu	3,125	–10
Brown Boveri	2,065	–35
Ciba Geigy	2,890	.....
do. (PtCts)	1,855	–20
Credit Suisse	2,210	–15
Elektrowatt	3,075	.....
Fischer (Geo.)	925	.....
Hoff-Roche (PtCts)	104,500	+1,000
Hoff-Roche 1/10	10,500	+150
Inspectorate Int.	2,250	.....
Jacobs Suchard	8,175	–125
Jelmoli	2,400	+50
Landis and Gyr	1,100	+10
Nestle	8,375	–45
Oer-Buhrle	860	+15
Pargesa Hldg	1,475	–15
Pirelli	284	.....
Sandoz (Br)	11,600	–125
Sandoz (PtCts)	1,805	–5
Schindler (PtCts)	580	.....
Sika	620	+10
Surveillance	4,425	–75
Swissair	1,095	.....
Swiss Bank	323	.....
Swiss Reinsce	12,900	–150
Swiss Volksbk	1,580	–10
Union Bank	2,990	–5
Winterthur	5,225	–35
Zurich Ins	5,525	–45

SOUTH AFRICA

April 29	Rand	+ or –
Abercom	2.3	+0.05
AE & CI	10.2	+0.2
Allied Tech	98	–2
Anglo Am Coal	33.75	.....
Anglo Am Corp	48.35	+0.1
Anglo Am Gold	238	–0.5
Barlow Rand	19.25	–0.05
Buffels	50.75	+0.25
CNA Gallo	5.6	.....
Currie Finance	3.6	.....
De Beers	31	–0.25
Driefontein	30.5	–0.75
First Nat. Bank	16.5	.....
Freegold	29.5	+0.1
Gold Fields SA	51.5	.....
Highveld Steel	5.15	+0.05
Malcor Hldgs	16	.....
Nedbank	6.05	+0.4
OK Bazaars	12.5	+0.5
Rembrandt	10.4	–0.1
Rust Plat	29.85	+0.1
Safren	18.25	.....
Sage Holdings	12	.....
SA Brewers	16.25	–0.15
Smith (C.G)	35.25	.....
Tongaat Hulett	10	+0.2

JAPAN

April 28	Yen	+ or –
Ajinomoto	3,610	+70
All Nippon Air	1,880	+30
Alps Electric	1,840	.....
Amada	1,430	+50
Amano	1,710	–40
Ando Construct	785	.....
Anritsu	2,710	+60
Aoki Corp.	1,030	–10
Arabian Oil	5,760	+20
Asahi Chemicals	1,150	+20
Asahi Glass	2,100	+50
Jusco	2,120	–10
Kajima	1,590	+10
Kaken Pharm	2,170	+40
Kanebo	589	+18
Kanegafuchi Chm	1,080	–10
Kansai Elect pw	2,920	.....
Kansai Paint	643	+13
Kao Corp	2,030	+10
Kashiyama	1,830	.....
Kawasaki Heavy	369	–2
Nippon Kokan	387	+8
Nippon Lt Metal	635	+1
Nippon Meat Pak	2,320	+20
Nippon Mining	561	–1
Nippon Oil	1,190	–10
Nippon Road	1,290	–10
Nippon Sanso	695	+5
Nippon Seiko	734	+9
Nippon Sh Glass	832	+17
Nippon Shimpan	1,370	+20
Nippon Steel	465	+7
TDK	4,720	+70
Teijin	831	+9
Teikoku Oil	851	.....
Toa Nenryo Kyo	1,900	+20
Tobishima	1,250	+10
Toho	27,500	+1,000
Tokai Bank	2,220	.....
Tokai Carbon	583	+3
Tokio Marine	2,120	+20
Tokyo B'casting	2,730	+20
Tokyo Electric Pwr	6,170	+140

AUSTRALIA (continued)

April 29	Aust$	+ or –
Kidston Gold	4.10	–0.05
Lend Lease	13.00	.....
MIM	1.67	–0.03
Mayne Nickless	5.80	.....
Nat. Aust. Bank	5.32	–0.04
News	14.25	+0.15
Noranda Pacific	0.99	–0.01
North Bkn Hill	2.86	+0.04
Oakbridge	0.29	.....
Pacific Dunlop	4.26	.....
Pancont'l	1.82	.....

NEW YORK (3 pm)

CANADA (3 pm)

INDICES

NEW YORK ACTIVE STOCKS

*Saturday April 23: Japan Nikkei 27,058.37, TSE 2166.99

§ Subject to official recalculation

Base values of all indices are 100 except Brussels SE - 1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia, All Ordinary and Metals - 500; (c) Closed. (u) Unavailable.

CURRENCIES AND MONEY

FOREIGN EXCHANGES

Intervention limits pound's rise

STERLING recovered from a period of acute nervousness yesterday morning, on publication of much better than expected UK trade figures.

The March UK visible trade deficit fell to £854m, from £1,320m in February, and the current account deficit shrank to £254m from £720m.

This was a great relief to the market. Most forecasts in the City were for an improvement in the trade balance, with the general level of expectations for the current account deficit in the region of £400m to £600m.

Success among economists at forecasting the trade figures was not particularly good for January and February however. In general the City tended to be too optimistic about these figures, and therefore fears increased ahead of the March figures that the deficit would again be larger than expected.

It was suggested the current account deficit could be as high as £1bn, although many economists are of the opinion that the trade figures are too volatile to predict with any degree of certainty.

Sterling fell to around DM3.1225 ahead of the figures, but then rose sharply on the news, before intervention by the Bank of England pulled the currency back at around the DM3.15 level.

It then settled back, to close at DM3.1475, compared with DM3.1275 on Thursday.

The pound also rose ½ cent to $1.8795, and advanced to Y234.75 from Y233.50; to SFr2.62 from SFr2.5950; and to FFr10.70 from FFr10.6250.

According to the Bank of England, sterling's exchange rate index rose to 78.4 from 78.0, after touching 77.9 before the trade figures.

With attention focused on sterling, the dollar was on the sidelines, but gained some support after a small US bank increased its discount rate to 8¾ p.c. from 8½ p.c..

The dollar rose to DM1.6745 from DM1.6685; to Y124.90 from Y124.60; to SFr1.3935 from SFr1.3845; and to FFr5.6925 from FFr5.6675.

On Bank of England figures, the dollar's index rose to 92.6 from 92.4.

D-MARK - Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. March average 1.6766. Exchange rate index 148.8 against 149.6 six months ago.

The D-Mark weakened against the dollar and sterling in Frankfurt. Speculation about higher US interest rates supported the dollar, and the pound met demand after publication of much better than expected UK trade figures.

The dollar rose to DM1.6735, from DM1.6690 on Thursday, and sterling advanced to DM3.1485 from DM3.1265.

It was suggested that the UK trade figures were so good that the UK authorities will have trouble preventing sterling rising

£ IN NEW YORK

Apr 29	Latest	Previous Close
£ Spot	1.8775-1.8785	1.8725-1.8745
1 month	0.16-0.14pm	0.16-0.14pm
3 months	0.40-0.36pm	0.52-0.30pm
12 months	1.50-1.40pm	2.19-1.40pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

POUND SPOT- FORWARD AGAINST THE POUND

Apr 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8765-1.8885	1.8790-1.8800	0.17-0.14cpm	0.99	0.52-0.47pm	1.05
Canada	2.3015-2.3205	2.3095-2.3105	0.09-0.10cdis	-0.49	0.31-0.46dis	-0.68
Netherlands	3.49¾-3.53½	3.52½-3.53½	1½-2cpm	5.84	4-3½pm	6.60
Belgium	65.25-65.95	65.80-65.90	16-6cpm	1.46	46-32pm	2.37
Denmark	12.02-12.13¼	12.12¼-12.13¼	¼-2¼oredis	-1.73	2¼-4¼dis	1.24
Ireland	1.1715-1.1820	1.1790-1.1800	0.08-0.14cdis	-1.22	0.25-0.40dis	-1.10
W. Germany	3.12-3.15	3.14¼-3.15	1¼-1¼pfpm	4.77	4-3¾pm	4.85
Portugal	255.40-258	256.25-257.25	52-90cdis	-3.51	183-284dis	-3.64
Spain	206.60-208.55	207.65-207.95	24-35cdis	-1.70	89-100dis	-1.82
Italy	2322¼-2343¼	2340½-2341½	par-4¼liredis	-1.22	7-16dis	-1.96

CURRENCY RATES

CURRENCY MOVEMENTS

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

Apr 29	£	$
Brazil	254.45-256.85	135.25-135.95
Finland	7.5005-7.5236	3.9890-3.9910
Greece	248.80-253.15	132.85-135.10
Hong Kong	14.7040-14.7215	7.8160-7.8180
Iran	125.15*	66.30*
Korea(Sth)	1379.25-1391.70	737.60-743.50
Kuwait	0.51460-0.51510	0.27335-0.27345
Luxembourg	65.80-65.90	35.00-35.10
Malaysia	4.8375-4.8500	2.5720-2.5750
Mexico	4279.25-4300.35	2275.00-2285.00
N Zealand	2.8065-2.8115	1.4860-1.4885
Saudi Ar	7.0575-7.0635	3.7500-3.7510
Singapore	3.7695-3.7745	2.0030-2.0060
S Af (Cm)	4.0375-4.0495	2.1530-2.1545
S Af (Fn)	5.4160-5.4950	2.8775-2.9195
Taiwan	53.55-53.85	28.60-28.70
U.A.E.	6.9115-6.9175	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Apr 29	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.880	3.148	234.8	10.70	2.620	3.530	2341	2.310	65.85
$	0.532	1.	1.674	124.9	5.691	1.394	1.878	1245	1.229	35.03
DM	0.318	0.597	1.	74.59	3.399	0.832	1.121	743.6	0.734	20.92
YEN	4.259	8.007	13.41	1000.	45.57	11.16	15.03	9970	9.838	280.5
F Fr.	0.935	1.757	2.942	219.4	10.	2.449	3.299	2188	2.159	61.54
S Fr.	0.382	0.718	1.202	89.62	4.084	1.	1.347	893.5	0.882	25.13
H Fl.	0.283	0.533	0.892	66.52	3.031	0.742	1.	663.2	0.654	18.65
Lira	0.427	0.803	1.345	100.3	4.571	1.119	1.508	1000.	0.987	28.13
C $	0.433	0.814	1.363	101.6	4.632	1.134	1.528	1013	1.	28.51
B Fr.	1.519	2.855	4.781	356.6	16.25	3.979	5.361	3555	3.508	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Fears of higher rates receed

INTEREST RATES were volatile on the London money market ahead, of yesterday's announcement of the UK trade figures for March, but settled back to close slightly easier, on better than expected data.

In the early morning three-month interbank touched 8¾-8⅝ p.c., rising from 8½-8⅜ p.c., as dealers became very nervous about the trade figures.

Sterling fell on the foreign exchanges, and the money market grew increasingly apprehensive that poor figures would herald a rise in UK bank base rates.

There was a sudden easing back of interest rates about half an hour before the trade figures were announced however, with three-month declining to 8$\frac{7}{16}$-8$\frac{5}{16}$ p.c.

Three-month also closed at 8$\frac{7}{16}$-8$\frac{5}{16}$ p.c., as the money market took a more neutral view to the UK economic performance, following the good trade news.

In early trading the discount houses remained keen sellers of long dated bills, on fears of higher interest rates, taking advantage of the Bank of England's early assistance to sell large numbers of bills.

The Bank of England initially forecast a money market credit shortage of £1,800m, but revised this to £1,950m at noon, and to £2,000m in the afternoon. Total help of £1,865m was provided.

In an early round of help the Bank of England bought £1,189m bills outright, by way of £234m bank bills in band 3 at 7¾ p.c.; £2m local authority bills in band 4 at 7¾ p.c.; and £94m bank bills in band 4 at 7¾ p.c.

Before lunch the authorities purchased another £124m bills, including £9m bank bill outright, in band 1 at 7¾ p.c. Another £118m bills were bought, for resale to the market on May 23, at a rate of 7$\frac{13}{16}$ p.c.

In the afternoon the Bank of England bought £317m bills outright, through £75m local authority bills in band 1 at 7¾ p.c.; £94m bank bills in band 1 at 7¾ p.c.; £81m bank bills in band 2 at 7¾ p.c.; and £67m bank bills in band 4 at 7¾ p.c.

Late assistance of £235m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £1,599m, with a rise in the note circulation absorbing £335m. These factors outweighed Exchequer transactions adding £30m to liquidity, and bank balances above target of £95m.

UK clearing bank base lending rate 8 per cent from April 11

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.29) 3 months US dollars		6 months US Dollars	
bid 7$\frac{1}{16}$	offer 7$\frac{1}{16}$	bid 7$\frac{1}{16}$	offer 7$\frac{5}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

LONDON MONEY RATES

LONDON STOCK EXCHANGE

Trade figures lift Gilts and steady equities

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Apl 11	Apl 21	Apl 22	May 3
Apl 25	May 5	May 6	May 16
May 9	May 19	May 20	May 31

*New time dealings may take place from 9.00 am two business days earlier.

THE UK trade figures for March, which turned out to be much better than expected, helped the UK equity market recover from a sudden bout of interest rate nervousness yesterday. With the pound also firmer on the announcement of a current account deficit of only £254m for last month – right at the lower end of City estimates – Gilt-edged moved upwards on moderate demand from the UK institutions.

The equity market's concentration on this week's rash of takeover situations was challenged by a shift of mood in the fixed interest markets. Weakness in the US and German bond centres unsettled London, and hopes for another cut in UK base rates switched to fears that "the next move in rates will be upwards".

Hectic activity in the London money markets, where the key short term rates were discounting a half point rise in UK base rates to 8½ per cent ahead of the trade figures, upset the stock market at mid-session. Share prices turned down until the pound's improvement took the pressure off domestic money rates.

However, equities could not sustain the rally and the FT-SE Index slipped below 1800 again before rallying sullenly to close a net 2.2 off at 1802.2.

Investment interest in the major blue chips remained thin, and traders were concentrating on keeping level books ahead of the extended weekend break in the London markets. Seaq volume dipped to 417.5m shares.

At Warburg Securities, Mr Ian Harwood, economic analyst, warned of a "deteriorating outlook for world bond markets," adding that he doubted if equity markets, especially on Wall Street, could hold up against such a trend.

However, the lack of support for the market's leading stocks was offset by continued activity in bid or speculative situations. Electronic shares had another active session as speculators awaited developments at Racal, which is to float off its telecommunications division as a separate entity.

In foods, Rowntree edged up one penny to 913p as Suchard disclosed that it had raised its stake to 20.8 per cent. Suchard paid 910p to 925p for 4.5m Rowntree shares on Thursday, comfortably above the Nestlé terms of 890p plus retained dividend for the Rowntree equity. Traders wondered whether Suchard hopes to force a higher price out of its Swiss rival, or will hold on to its stake even if Nestlé acquires Rowntree.

Cadbury Schweppes edged up 2 to 351p, with the market still doubtful of the intentions of General Cinema of the US, but convinced that the UK confectionary company is "in play".

Government bonds saw no selling in early trading, despite the excitement in the money markets. The March deficit of £254m on UK current account compared with City forecasts ranging from £250m to £900m, but bond prices were slow to move upwards after the news.

By the close, however, long dated bonds were ¾ higher as institutional buyers replaced the single seller which upset the sector this week. Index-linked were dragged up by ⅜ in the wake of conventional Gilts.

Northern Foods, finally up 23 at 309p, took over the takeover stage in the food sector. Turnover of 5.7m shares – nearly 3 per cent of the equity – followed suggestions that Grand Metropolitan might be the predator. Elsewhere, bid fever continued to cool, and S & W Berisford closed only a penny firmer at 296p, while Dalgety, 291p and United Biscuits, 287p, shaded lower. However, doubled first half profits, together with predictions of a 50 per cent rise in the dividend total, pushed shares in Albert Fisher, the food distributor, up 3 to 108p.

Fisons were one of the more actively traded stocks as the market awaited news from yesterday's medical conference in Paris which is expected to throw further light on the development of Aersol Pentamidine, the group's drug for Aids-related pneumonia.

Fisons were also enlivened by the announcement that Dopacard, its new critical-care drug for the treatment of acute heart failure, has gained registration in Belgium. The Fisons share price closed 8 higher at 263p in a volume of 4.1m.

Hawker Siddeley came to the forefront following a sudden flurry of demand which took the share price up to a close of 515p for a gain of 19. A leading marketmaker put the movement down to a technical position prompted by a programme trade in the shares earlier in the week which resulted in a squeeze on bear positions.

Inevitably, the rise was also accompanied by a revival of takeover rumours with Hanson and GEC put forward as possible predators. Some 3.2m Hawker shares changed hand.

The oil and gas sector, alive with takeover speculation late on Thursday, was given a sharp knock first thing as the expected bids for LASMO and Ultramar failed to materialise.

Sentiment subsequently improved, but faltered again late in the day, especially in the two so–called bid targets. LASMO dipped to close 6 off at 404p, after 401p, with turnover totalling 2.8m. Enterprise, one of the favourites to eventually merge with LASMO, also suffered and settled 12 off at 394p.

Ultramar, where stories persisted that Sir Ron Brierley's near 13 per cent stake has attracted a 400p a share offer from a potential predator, initially surged ahead to 319p but then dropped to 300p before improving to close a net 7½ up at 311½p.

Talk of a possible merger drew attention towards Carless Capel, up 4 to 117½p, while bid rumours surrounded Goal, 2 harder at 105½p. The majors held up well in the face of easier crude oil prices with dealers reporting good support for BP and Shell ahead of first quarter figures expected in around two weeks time.

Barclays performed well in ex–rights form with the "new" opening at 124p premium and gradually moving up to 133p before closing at 131p premium after turnover of 13m; the old were finally 382p ex–rights, on turnover of 1.5m.

The other banks generally attracted only minor interest, but Royal Bank of Scotland were strongly supported after the terms of the US bank acquisition and ahead of the interim figures and moved up 10 more to 348p.

TSB were little changed at 102p on turnover of 4.5m after details of the major re–organisation of the banking group. Standard Chartered were surprisingly subdued, closing a fraction harder at 428p after news that Robert Holmes à Court had relinquished control of Bell Group which holds a 14.9 per cent in Standard. But the Holmes à Court news triggered a sharp upturn in Morgan Grenfell the merchant bank where Dewey Warren, itself 42 per cent owned by Bell, has a direct 5.3 per cent stake. Talk that the Dewey stake would soon be on the move, along with the 22 per cent held by insurance group Willis Faber, boosted Morgan 8 to 278p. Dewey shares were 6 up at 124p.

The insurance sector, extremely volatile all week, continued to attract a heavy two–way business. Recent market talk that the 5 per cent–plus stake in Royals held by the John Spalvin–led Adsteam had been sold to Swiss group Winterthur was firmly denied by the Swiss insurance company and Royals shares, up to 447p early on, promptly dipped to close only 12 up at 438p.

Lifes spurted higher early on led by Abbey which touched 292p amid takeover speculation before easing to close a net 6 higher at 285p.

Johnson Press, a local newspaper publisher and printer established over two hundred years ago, exceeded expectations when making its debut yesterday. Hill Samuel recently placed 6.1m shares, some 25.7 per cent of the equity, at 122p each. This level was left behind as the price rose from an opening 135p in a fairly brisk trade to a peak 141p before setling at 138p.

The fizz aroused a few days ago by consumer brand excitement went completely from Allied-Lyons. Short-term operators moved to realise any gains remaining from Wednesday's sharp rise and the upshot was a closing loss of 7 at 414p after turnover of only 1.7m shares. Guinness business was a shadow of recent levels - the screen indicated total volume of a mere 696,000 shares – but the price lost little of its forward momentum at 315p. Other Brewery leaders went down a gear with Whitbread "A" losing 4 to 310p and Scottish & Newcastle shedding 6 to 278p. Regional issue Boddington extended the recent run, the annual meeting is on Thursday, and ended 5 higher at 140p.

Building shares did little more than mark-time as business wound down ahead of the long week-end. Among the occasional movements to catch the eye, Taylor Woodrow staged a revival at 422p, up 7, after recent dullness following the results. H.J. Baldwin, reflecting news of the board change, jumped 19 to 167p in a limited market.

ICI pushed ahead to 992p as the majority of analysts made a a favourable response to the quarterly figures before drifting back in a relatively modest turnover (1.4m) to close only 4 up on balance at 981p. Hickson International, overlooked of late, came to life with a flourish following the chairman's bullish remarks about current trading and the outlook with the shares moving ahead to close 8 dearer at 178p, after touching 177p at one stage.

The retailing sector staged a strong revival with dealers hopeful that the huge wave of takeover speculation in the foods, consumer brands and electronics may now move into the stores after the recent period of under–performance.

Racal shares initially raced up to 329p following widespread Press coverage given to the Vodafone flotation but ran into profit–taking sales which lowered the price to 315p prior to a closing level of 317p; turnover was 15m.

British Telecom, 60 per cent owner of Vodafone's competitor Cellnet, dipped a penny to 248½p. Securicor, which control the remaining 40 per cent of Cellnet saw its "A" shares 3 off at 302p.

Other top issues also came in for profit–taking after Thursday's burst of buying. Cable & Wireless dipped 7 to 337p on turnover of 4.3m, Plessey eased 5 to 163p on turnover of 3.2m and GEC 2 to 151p on turnover of 3.8m. Ferranti's turnover was 8.2m as the shares eased a shade to 84p.

Elsewhere, Crystalate, fell 7 to 153p after the company's warning that interim profits "will be lower than the corresponding period in 1987".

The majority of International stocks traded on a quiet note with quotations moving within narrow limits. Boots, however, attracted a fair amount of attention and put on 4 more to 241p in a volume of 4m shares. Boots have been regarded as a possible bid candidate over the past, but Kleinwort Grievson, the securities house, is currently reiterating its view that the group's shares continue to be a "buy", partly on the potential for its cardiovascular drug flosequinan which is inadvanced clinical trials for congestive heart failure.

Rank Organisation, a current favourite with a number of investment houses, continued to attract occasional buying interest and put on 10 further to 781p. RTZ bid suggestions again sustained English China Clays which advanced afresh to close 9 dearer at 429p. Thomas French featured a jump of 12 to 78p in the wake of news of the proposed sale of Tekdata to its management for a consideration of £3.25m.

Translation errors have recently resulted in the price of Evergreen Resources being published incorrectly. The shares were unchanged yesterday at 12p, the highest level of the year.

Caffyns stood out in a drab Motor sector, surging higher again on the reappearance of a buyer whose demands were too large for the market. This is limited at the best of times and the shares closed 28 up at 508p.

Speculation of takeover possibilities took slightly stronger hold of Reed International, causing turnover to expand and boost the shares 7 more to 408p. Advertising Agency WCRS closed a good week on a rising note, still influenced by the purchase of 50 per cent of SGGMD, a leading independent French group. The shares settled at 264p for a five-day gain of 27.

The worsening seamen's dispute – a Sealink agreement with the union was called off after attempts to bring P & O into the peace talks failed later yesterday – cast a deeper shadow over P & O shares which fell 6 to 578p.

An early move to resume the recent strong advance began to splutter later and Courtaulds settled only marginally firmer at 386p. Illingworth Morris revived with a gain of 9 to 164p and S Jerome rose 7 to 225p while G & G Kynoch jumped 35 to 285p.

The acceptance of slightly better terms from hostile bidder Throgmorton trust lifted Framlington 4 to 199p against the trend of other fund management groups.

There was another substantial turnover in traded options with 26,161 calls and 12,677 puts giving a total turnover of 38,838 contracts. Racal, which on Thursday attracted the biggest traded options business since "Black Monday", remained extremely active with 7,105 calls and 2,315 puts. Bid favourite LASMO attracted 1,144 calls and 474 puts, and Ultramar 2,084 calls and 103 puts.

FINANCIAL TIMES STOCK INDICES

	Apr. 29	Apr. 28	Apr. 27	Apr. 26	Apr. 25	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	90.05	89.70	90.03	89.99	89.89	91.96	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.57	96.92	97.05	96.78	97.30	97.37	98.31 (19/4)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1443.9	1444.7	1448.9	1431.3	1413.3	1626.9	1478.7 (4/3)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	206.4	211.1	209.4	207.1	207.1	444.4	312.5 (7/1)	205.7 (22/4)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.51	4.52	4.50	4.55	4.61	3.53				
Earnings Yld. %(full)	11.70	11.70	11.63	11.79	11.96	8.38				
P/E Ratio (net)(*)	10.45	10.46	10.51	10.38	10.23	14.70				
SEAQ Bargains (5pm)	27,276	27,629	28,684	26,839	25,366	41,456				
Equity Turnover (£m)	-	1161.03	1505.37	1062.99	808.57	1393.38				
Equity Bargains	-	29,534	31,531	28,077	27,297	49,378				
Shares Traded (ml)	-	437.1	430.7	374.1	322.5	592.4				

S.E ACTIVITY

Indices	Apr.28	Apr.27
Gilt Edged Bargains	124.5	125.4
Equity Bargains	191.4	204.3
Equity Value	2346.7	3042.3
5-Day average		
Gilt Edged Bargains	132.7	134.5
Equity Bargains	190.0	184.8
Equity Value	2274.9	2243.4

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1451.5	1449.5	1442.8	1447.7	1448.0	1448.7	1443.1	1440.1

Day's High 1451.8 Day's low 1437.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.34.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

LONDON TRADED OPTIONS

Traditional Options

- First dealings Apr 18
- Last dealings Apr 29
- Last declarations July 14
- For Settlement July 25

For rate indications see end of London Share Service

Business in the Traditional option market fell way to a trickle. Stocks favoured for the call included Yellowhammer, Cadbury Schweppes, Scottish and Newcastle, Charterhall, Eagle Trust, Storehouse, Dares Estates and Lloyds Chemist. No call options were reported but a double was arranged in Eagle Trust.

NEW HIGHS AND LOWS FOR 1988

LONDON STOCK EXCHANGE

DEALINGS

Carron Phoenix PLCOrd 10p – 157●
Central Motor Auctions PLCOrd 25p – 97 8 101
City Merchant Developers PLC5.125% (Net) Cnv Cum Red Prf £1 – 73●
Continental Microwave (Hldgs) PLC6.0% Cnv Cum Red Prf 2005 £1 – 100 (22Ap88)
Corporate Estates Properties PLCWarrants to sub for Ord – 40 (27Ap88)
Cramphorn PLCOrd 50p – 310 (27Ap88)
Dudley Jenkins Group PLCNew Ord 5p (Fp/AL–3/6/88) – 103
Electron House PLC6.5% Cnv Cum Red Prf £1 – 105 (26Ap88)
Fergebrook Group PLC12% Cnv Uns Ln Stk 92/97 – £80 (26Ap88)
Ford Sellar Morris Properties PLCOrd 10p (Ex Div) – 83 102 3 4 4 5 5 6 7 7 8 8 10 10 1 1 2 2 3 ½ 4 5 5 6 7
Freeman Group PLCOrd 10p – 220 1
Gardner (DC) Group PLCNew Ord 5p (Fp/LA–6/5/88) – 152●
Handley-Walker Group PLCNew Ord 5p (Fp/LA–18/5/88) – 145 (27Ap88)
Heavitree Brewery PLC"A" Lim Vtg Ord 25p – 660 (27Ap88)
Hodgson Holdings PLCCnv Prf 5p – 97 100 (25Ap88)
Holders Technology PLCNew Ord 10p (Fp/AL–9/5/88) – 140
Hornby Group PLCOrd 5p – 140 2
Hughes (HT) PLCOrd 10p – 74 (25Ap88)
Johnson Fry PLCOrd 10p – 110 3 7
MTL Instruments Group PLCOrd 10p – 73 6 (27Ap88)
Merchant Manufactory Estate Co PLCOrd 25p – 80 (25Ap88)
New Ord 25p (Fp/LA–20/5/88) – 78 8 9
Moorfield Estates PLCOrd 10p – 125
Morris Ashby PLCOrd 10p – 92 4
Norfolk House Group PLCOrd 5p – 104 6
PrinTech International PLCOrd Ir£0.05 – I£0.98 (27Ap88)
Randsworth Trust PLC7% Cum Cnv Red Prf £1 – 81 1 3 (27Ap88)
Reflex Investments PLCOrd Ir£0.05 – I£0.82 (26Ap88)
Resort Hotels PLCOrd 10p – 17½ 8 ½
Scanro Hldgs PLC7.75% Cnv Cum Red Prf £1 – 112 (22Ap88)
Sigmex International PLCOrd 10p – 48 (26Ap88)
Smallbone PLC7.25p Cnv Red Pfg Prf £1 – 105
7.25p Cnv Red Pfg Prf £1(Fp/PAL–29/4/88) – 105●
Splash Products PLCOrd 10p – 83
Total Systems PLCOrd 5p – 82
Transrap Hldgs PLCOrd 10p – 57 (26Ap88)
Willaire Systems PLCFixed Rate Cnv Cum Red Prf 2p – 128 (25Ap88)
Yelverton Investments PLC8% Cnv Uns Ln Stk 1997 – £78 (22Ap88)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aberfoyle AS4.486
Abitibi-Price 900♦ (27/4)
Acorn Securities 13♦12
Albertsons Inc £16.1 (25/4)
America Barrick Resources Corp Com NPV C$25.3♦ (27/4)
Ames Department Stores 845
Amsterdam Rotterdam Bank FL65½
Associated Manganese Mines of SA $49½♦
Aust. Foundation Inv A$1⅜ (26/4)
Aust. Oil & Gas 34♦ (26/4)
Beverly Enterprises 56½♦ (26/4)
Black Hill Minerals 2♦ (27/4)
Brascan "A" NPV £10⅞,10.95 (27/4)
C.S.F. (Thomson) FR170.6,172 (25/4)
Central Norseman Gold 36,A$0.95 (27/4)
Churchill Resources 5♦
Cold Storage S$3.74,3.744,3.8 (25/4)
Cons. Exploration 28♦ (25/4)
Development Bank of Singapore S$9.69 (26/4)
Devex A$0.518 (26/4)
Du Pont £44½♦ $86.29♦
Dynatech Corp £12.45 (25/4)
Eurocan Ventures 16 (26/4)
Faber Merlin Malaysia 7 (27/4)
Fairchild Industries $10.2 (27/4)
Free State Cons Gold Mines R29.1,29.4,29¾
Geometals 11♦ (26/4)
Golconda Minerals 14
Great Lakes Forest Products $39⅞
Greenbushes A$0.847 (26/4)
Greenwood Resources 22♦
Hang Lung Development HK$5.39 (26/4)
Haoma North West A$0.071 (26/4)
Hk-tvb HK$15 (27/4)
Holiday Corp £12⅞♦ (26/4)
Horizon Pacific A$0.314
Hunter Resources A$0.355 (25/4)
Japan Air Lines Co Y14,861½♦ (26/4)
Killinghall Tin (Malaysia) Berhad Ord M$2.545 (25/4)
Kuala Sidim Rubber M$1.95
Kulim Malaysia Ord 23♦18 (27/4)
Kulim Malaysia Ord (Malay Ord) S$0.95 (26/4)
Malayan Cement M$1.114 (27/4)
Matsushita Electric Industrial Y2786.67,2795
McCarthy Group 137½♦ (26/4)
Mitsubishi Heavy Inds Y732.53 (25/4)
Mogul Mining 9 A$0 161
Mount Martin Gold Mines A$0.7,0.8 (25/4)
Mount Pleasant Resources 25♦
National Electronics (Consolidated) 6♦ (27/4)
Nationale-Nederlanden CVA FL58⅞♦ £16.78 FL58¾,9,59.1,59.15,59.2,59.3,59½
Ningiui Mining 174♦A$4.163 (27/4)
North Flinders Mines A$7.776 (27/4)
Oil Search 44,47 A$1.126
Oilmet 6♦ (26/4)
Overseas Chinese Banking Corp $3¼♦
Pan Australian Mining A$2½
Petersville Sleigh A$2.303 (27/4)
Petro Energy 3♦A$0.061,0.079,0.08 (26/4)
Pinevale Investments A$0.643 (26/4)
Planet Resources Group A$0.04♦,0.05♦ (26/4)
Poseidon 98♦99 A$2.392
Quaker State $24¼♦
Regal Hotels (Hldgs) HK$3.14
Royex Gold Mining Corp 240
Selangor Coconuts 34♦
Sensormatic Electronics 457♦
Sherritt Gordon Mines 300♦ (27/4)
Singapore Land S$6.269 (26/4)
Societe Nationale Elf Aquitaine $50⅛
Source Perrier £60½ FR650
Southwest Gold Mines 10
Stelco Class 'A' Conv £10♦ (27/4)
Sun Hung Kai Properties HK$10.6
Swire Pacific 'B' 15♦19♦
Target Petroleum 6♦
Terrex Resources A$0.051
Wharf Hldgs 100♦ (27/4)
Wooltru Ord R14.85
Wooltru Class 'A' 255
Zanex A$0.031 (26/4)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Amalgamated Metal Corpn. 5.4% Com. Prf. 35
Appleton Holdings 10,13 (26/4)
Aurora 92 (26/4)
Beaverbrook 162
Chartered Insurance Intitute £85 (26/4)
Church Housing Association £10 (25/4)
D.B.S.Management 57,½ (25/4)
Dart Valley Light Rlwy 215 (26/4)
Dolphin Intl. 29,30
Eastbourne Wtrwks 420 (27/4)
Greenstar Hotels 47,9,50,2 (26/4)
Kaye Organiation £100 (26/4)
Le Riches Stores 380 (26/4)
Liverpool FC £255 (27/4)
M & G Island Fund (Accum) £11.55 (27/4)
Red Rose Radio A 133
Severn Valley Railway 50 (26/4)
Shepherd Neame 537½,40
Southern Newspapers 330,33
Thwaites 770,85 (26/4)
Wolverhampton Racecourse 280⅛
Wynstay Props 150 (26/4)
Yates Brothers Wine Lodgers 140 (25/4)

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday April 28 1988

Property	+18.38	Consumer Group	+6.70
Contracting,Construction	+16.80	Financial Group	+6.28
Leisure	+14.72	Textiles	+4.88
Brewers and Distillers	+12.08	Other Groups	+4.82
Investment Trusts	+12.02	Motors	+4.91
Oil & Gas	+11.42	Health & Household Products	+4.58
Shipping & Transport	+11.38	Metals & Metal Forming	+4.02
Food Manufacturing	+11.30	Insurance(Brokers)	+3.88
Telephone Networks	+11.08	Other Industrial Materials	+3.53
Electronics	+9.84	Mining Finance	+2.71
Overseas Traders	+9.29	Insurance(Life)	+2.00
Insurance(Composite)	+8.65	Electricals	+1.95
Mechanical Engineering	+8.36	Merchant Banks	+1.34
Agencies	+8.33	Food Retailing	+0.81
Capital Goods	+7.85	Stores	+0.80
Building Materials	+7.67	Publishing & Printing	-1.14
500 Share Index	+6.77	Packaging & Paper	-1.85
Conglomerates	+6.70	Banks	-3.48
All Share Index	+6.67	Chemicals	-4.38
Industrial Group	+6.61	Gold Mines Index	-30.12

RISES AND FALLS

	On Friday			On the week		
	Rises	Falls	Same	Rises	Falls	Same
British Funds	99	10	4	173	235	44
Corporations, Dom. and Foreign Bonds	22	2	28	26	87	95
Industrials	360	373	820	1,747	1,342	3,111
Financial and Props	174	104	367	672	411	1,481
Oils	23	35	50	130	68	234
Plantations	4	1	8	10	3	39
Mines	43	69	83	205	168	407
Others	57	90	99	401	232	351
Totals	782	684	1,459	3,364	2,546	5,762

BANK RETURN

BANKING DEPARTMENT	Wednesday April 27, 1988		Increase (+) or decrease (-) for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	72,658,016	-	424,108
Bankers Deposits	1,210,111,526	+	37,226,051
Reserve and other Accounts	1,904,726,639	+	86,368,372
	3,202,049,181	+	123,170,317
ASSETS			
Government Securities	603,446,128	-	37,948,123
Advance and other Accounts	702,682,610	-	322,264,495
Promises Equipment & other Secs	1,888,843,364	+	494,315,318
Notes	6,924,227	-	936,169
Coin	270,852	+	3,788
	3,202,049,181	+	123,170,317

ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	13,633,075,773	+	100,936,169
Notes in Banking Department	6,924,227	-	936,169
	13,640,000,000	+	100,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	5,573,723,900	+	163,495,804
Other Securities	8,055,261,000	-	63,495,804
	13,640,000,000	+	100,000,000

BASE LENDING RATES

	%		%		%
AEN Bank	8	Citibank NA	8	Nat Bk. of Kuwait	8
Adam & Company	8	City Merchants Bank	8	NatWestminster	8
AAB - Allied Arab Bk	8	Clydesdale Bank	8	Northern Bank Ltd	8
Allied Irish Bank	8	Comm. Bk. N. East	8	Norwich Gen. Trust	8
Henry Ansbacher	8	Co-operative Bank	*8	PK Finans. Int(UK)	9
ANZ Banking Group	8	Cyprus Popular Bk	8	Provincial Bank PLC	9½
Associates Cap Corp	10	Dunbar Bank PLC	8	R. Raphael & Sons	8
Authority Bank	8	Duncan Lawrie	8	Roxburghe G'rantee	9½
B & C Merchant Bank	8	Equatorial Bank plc	8½	Royal Bk of Scotland	8
Banco de Bilbao	8	Exeter Trust Ltd	8½	Royal Trust Bank	8
Bank Hapoalim	8	Financial & Gen. Sec.	8	Smith & Williman Secs.	8
Bank Leumi (UK)	8	First Nat. Sec. Ltd.	9½	Standard Chartered	8
Bank Credit & Comm	8	● Robert Fleming & Co.	8	TSB	8
Bank of Cyprus	8	Robert Fraser & Ptnrs.	9	UDT Mortgage Exp	‡9.4
Bank of Ireland	8	Girobank	8	United Bk of Kuwait	8
Bank of India	8	Grindlays Bank	8	United Mizrahi Bank	8
Bank of Scotland	8	● Guinness Mahon	8	Unity Trust Bank Plc	8
Banque Belge Ltd	8	HFC Bank PLC	8	Western Trust	8
Barclays Bank	8	● Hambros Bank	8	Westpac Bank Corp.	8
Benchmark Bank PLC	8	Heritable & Gen Inv Bk	8	Whiteaway Laidlaw	8½
Berliner Bank AG	8	● Hill Samuel	§8	Yorkshire Bank	8
Brit Bk of Mid East	8	C. Hoare & Co.	8		
● Brown Shipley	8	Hongkong & Shangh	8		
Business Mtge Tst	8½	Lloyds Bank	8		
CL Bank Nederland	8	Meghraj Bank Ltd	8		
Central Capital	8	Midland Bank	8		
● Charterhouse Bank	8	Mount Banig Corp.	8		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 3.50% Sumrise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 3.00%. Mortgage 9.625% - 10%

EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD C	$440	20	15	2	27.50	-	-	$449.20
GOLD C	$460	1	4	1	15	22	25	$449.20
GOLD C	$500	-	-	-	-	5	11.40	$449.20
		May 88		Jun. 88		Jul. 88		
EOE Index C	Fl. 195	-	-	25	15.10	-	-	Fl. 209.02
EOE Index C	Fl. 200	26	9.50	-	-	-	-	Fl. 209.02
EOE Index C	Fl. 205	16	6.10	5	9.50	-	-	Fl. 209.02
EOE Index C	Fl. 210	58	4	-	-	-	-	Fl. 209.02
EOE Index C	Fl. 215	71	2.40	7	4.70	5	7	Fl. 209.02
EOE Index C	Fl. 220	7	1.20	-	-	11	5.50	Fl. 209.02
EOE Index P	Fl. 185	100	1	-	-	-	-	Fl. 209.02
EOE Index P	Fl. 190	32	1.50	15	3.30	-	-	Fl. 209.02
EOE Index P	Fl. 195	40	2.30 A	4	5	-	-	Fl. 209.02
EOE Index P	Fl. 200	23	3.80	37	7	19	8.60	Fl. 209.02
EOE Index P	Fl. 205	34	5.80	61	9	4	11.50	Fl. 209.02
EOE Index P	Fl. 210	33	8	253	11.70	17	13.90	Fl. 209.02
EOE Index P	Fl. 215	1	11.50	36	14.50	-	-	Fl. 209.02
EOE Index P	Fl. 225	15	17.50	-	-	-	-	Fl. 209.02
E/FI C	Fl. 355	2	1.20	15	1.40 A	-	-	Fl. 353.10
S/FI C	Fl. 190	-	-	8	1.20	-	-	Fl. 187.65
S/FI C	Fl. 195	368	0.10	43	0.45	-	-	Fl. 187.65
S/FI P	Fl. 180	-	-	10	0.90	-	-	Fl. 187.65
S/FI P	Fl. 185	105	0.90	26	2	10	3	Fl. 187.65
		Jul. 88		Oct. 88		Jan. 89		
ABN C	Fl. 35	-	-	7	3.90 B	152	4.50	Fl. 38.90
AGN P	Fl. 40	20	2.90	759	4.60	77	4.80	Fl. 38.90
AEGON C	Fl. 80	64	1.50	38	2.10	-	-	Fl. 74.70
AEGON P	Fl. 75	20	4.70	-	-	-	-	Fl. 74.70
AKZO C	Fl. 110	963	5.40	170	9.20	145	11.50	Fl. 109.40
AKZO P	Fl. 100	595	2.10	34	4.20	5	5.70 A	Fl. 109.40
AMEV C	Fl. 60	50	0.70	50	1.40	-	-	Fl. 50.80
AMEV P	Fl. 50	28	3.80	113	5	30	5.50	Fl. 50.80
AMRO C	Fl. 70	101	1.20	47	2.20	-	-	Fl. 64.90
AMRO P	Fl. 65	42	3.20	2	4.70	7	4.80	Fl. 64.90
BUHRMANN-T C	Fl. 45	42	1.80	12	3.30	-	-	Fl. 45
BUHRMANN-T P	Fl. 45	63	3.80	32	4.50	-	-	Fl. 45
ELSEVIER C	Fl. 60	69	0.50	-	-	-	-	Fl. 51
ELSEVIER P	Fl. 50	36	2.20	3	3.70	-	-	Fl. 51
GIST-BROC C	Fl. 40	129	0.90	-	-	110	2.50	Fl. 33.60
GIST-BROC P	Fl. 30	40	1.30	169	2.30	-	-	Fl. 33.60
HEINEKEN C	Fl. 140	6	1.90	1	4.20	50	5.50	Fl. 130
HEINEKEN P	Fl. 120	25	2.50	3	5	-	-	Fl. 130
HOOGOVENS C	Fl. 40	27	2.70	13	4	-	-	Fl. 39.40
HOOGOVENS P	Fl. 35	15	1.20	20	2.20	-	-	Fl. 39.40
KLM C	Fl. 35	161	2.10	144	2.60	24	3.80	Fl. 34.80
KLM P	Fl. 30	263	0.60	94	1.50	7	2.30	Fl. 34.80
KNP C	Fl. 120	15	11	-	-	35	16.70	Fl. 128.20
KNP P	Fl. 130	15	6.50	-	-	-	-	Fl. 128.20
NEDLLOYD C	Fl. 230	40	23.50	-	-	-	-	Fl. 248
NEDLLOYD P	Fl. 190	50	2	-	-	-	-	Fl. 248
NAT NED C	Fl. 55	46	4.30	27	5.20	-	-	Fl. 58.90
NAT NED P	Fl. 60	38	4	-	-	-	-	Fl. 58.90
PHILIPS C	Fl. 30	313	1	276	2	68	2.60	Fl. 28.40
PHILIPS P	Fl. 30	14	2.50	300	3.20	46	3.80 B	Fl. 28.40
ROYAL DUTCH C	Fl. 240	474	2.20 B	66	4.30	6	6.60	Fl. 230.50
ROYAL DUTCH P	Fl. 230	88	11	6	16 B	3	18	Fl. 230.50
ROBECO C	Fl. 90	11	2.50	-	-	-	-	Fl. 89.60
ROBECO P	Fl. 95	200	7	-	-	-	-	Fl. 89.60
UNILEVER C	Fl. 110	219	4.10	44	7	1	10	Fl. 109.90
UNILEVER P	Fl. 100	18	2.50	70	4.20	16	5.70	Fl. 109.90

TOTAL VOLUME IN CONTRACTS : 19,709 (28/4:26,011)

A=Ask B=Bid C=Call P=Put

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth				0345 717373
High Income				
American Income	39.5	42.2	-0.2	6.49
Gilts & Fixed Int	112.8	120.9xd	+0.1	8.27
High Inc Equity	115.3	122.6xd	—	4.85
Worldwide Bond	182.5	194.1xd	-3.4	5.00
Capital Growth				
American Growth	138.2	147.0	-0.8	1.65
Asian Pacific	60.5	64.6	+0.4	1.18
Assets & Earnings	133.3	141.8xd	-0.3	1.77
Capital Reserve	78.0	78.1	-0.1	3.84
Country & Energy	89.7	95.4	-0.4	1.03
European Capital	66.9	71.1xd	+0.1	1.05
General	162.1	172.4	+0.8	2.61
Japan	97.0	103.7	-0.3	0.00
Mastertrust	70.5	74.9	—	2.34
UK Growth Acc	183.9	195.6xd	+0.3	1.35
UK Growth Dist	125.1	133.0xd	+0.1	1.99
US Emerging Cos	40.2	42.9	-0.2	0.00
Income & Growth	245.0	260.6xd	-3.9	3.65
Ethical Growth	40.8	43.4	—	2.88
Abtrust Management Ltd				
10 Queens Terrace, Aberdeen AB9 1QJ				0224 633070
20 Chiswell St, London EC1Y 4TY				01-374 6801

	Bid Price	Offer Price	+ or -	Yield Gross
Barrage Unit Trust Mngmnt Ltd				
117 Fenchurch St, London EC3M 5AL				01-480 7216
Stg Dnd Gilt & FI	51.6	51.9	—	1.38
CCL Unit Trusts Limited				
74, Shepherds Bush Green, Ldn, W12 8SD				01-740 7070
UK General Tst	45.4	48.6	+0.6	2.78
Global Tst	37.3	39.9	—	2.17
Recovery Tst	48.7	51.8	-0.1	2.00
CIBC Unit Trust Managers plc				
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL				01 234 6000
Growth Fd	98.4	103.8xd	—	3.63
CS Fund Managers Limited				
125 High Holborn, London WC1V 6PY				01-242 1148
CS America	44.2	47.0xd	-0.6	1.06
CS International	44.1	46.9xd	-0.8	2.42
CS Japan	113.7	121.0	+0.5	0.41
CS Portfolio Inv	58.3	62.0	+0.2	3.25
Canada Life Unit Trust Mngrs. Ltd				
2-6 High St, Potters Bar, Herts				0707 51122
Can Gen Dist	123.6	130.1	-0.2	3.32
Do Gen Accum	201.0	211.6	-0.4	3.32
Do Income Dist	88.2	92.9xd	+0.3	5.29
Do Inc Accum	193.6	203.7	+0.6	5.29
Gilt & Fxd Int	38.0	40.0	-0.2	0.00
Cannon Fund Managers Ltd				
1 Olympic Way, Wembley, HA9 0NB				Dealing: 0800 282621
01-902 8876.				
Growth	33.5	35.6	—	2.83
Income	42.2	44.9	-0.2	4.53
Far East	28.3	30.1xd	+0.5	0.21
North American	25.7	27.4xd	-0.1	0.75
Global	43.0	45.7xd	-0.1	0.75
European	37.6	40.0xd	+0.2	1.34
Japan	88.1	93.7	+0.9	0.01
Intl Currency Bd	43.1	45.9xd	-0.1	5.90

FT UNIT TRUST INFORMATION SERVICE

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Kaiser (UK)	208.8	223.3	+0.4	2.76
Colombus (US)	125.4	134.2	-0.8	1.39
Marco Polo (Far E)	221.3	236.7	-0.7	0.21
Da Vinci (Eur)	221.8	237.3	-0.8	1.65
Drake (W'wd)	32.8	34.8	+0.1	2.53

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	204.0	216.2	+0.3	2.88
UK Smllr Cos Eqty	210.4	223.9	-0.8	2.04
UK Spec Sits	62.4	66.4	+0.5	3.01
Income Plus	53.2	56.7	-0.1	5.15
European	159.9	170.2	+0.4	1.15
Far Eastern	53.5	57.0	+0.2	2.05
Japanese	57.9	61.7	-0.2	—
North American	108.7	115.7	-0.7	1.55
Intl Growth	108.8	115.8	-0.2	0.92
Worldwide Income	53.1	56.5	—	2.31

Scottish Provident Inv. Mgt. Ltd
6 St Andrew Sq, Edinburgh 2 031-556 2341/2/3

Equity Growth Acc	17.65	18.89	+0.04	3.01
Equity Growth Inc	17.48	18.71	+0.05	3.01
Intl Growth Acc	17.11	18.31	-0.13	1.65
Intl Growth Inc	17.09	18.20	-0.13	1.65
Global Income Acc	18.56	19.87	-0.04	5.42
Global Income Inc	18.56	19.87	-0.04	5.42
Market Leaders Acc	16.52	17.68	+0.11	3.51
Market Leaders Inc	16.29	17.44	+0.11	3.51

Scottish Unit Managers
48 Melville Street, Edinburgh EH3 7HF 031-226 4372

Pacific (z)	85.4	90.7	+0.3	0.00
Income	52.6	55.9	-0.7	4.36
European (z)	34.5	36.7	+0.2	1.15
Nth American (z)	27.3	29.0	-0.1	0.78
Intl Growth	440.6	468.7	-1.1	1.96
Gwth & Recovery	47.7	50.6	+0.8	2.43

Scottish Widows' Fund Management
PO Box 902, Edinburgh EH16 5BU 031-668 3724

Peg Equity Acc	322.7	343.4	+0.5	3.58
Peg Equity Inc	267.6	284.4	+0.4	3.58
Peg High Inc Acc	162.2	172.6	-0.1	4.50
Peg High Inc	149.9	159.5	+0.0	4.50
Peg Europe Acc	120.3	128.0	+0.6	1.67
Peg Europe Inc	119.1	126.8	+0.6	1.67
Peg Nth Amer	84.3	89.8	-0.6	1.66
Peg Nth Amer Inc	81.8	87.1	-1.4	1.66
Peg Pacific Acc	241.0	256.5	+1.4	—
Peg Global Acc	124.0	132.0	+0.3	2.33
Peg Global Inc	121.6	129.4	+0.4	2.33

Sentinel Funds Mngmt Ltd
30 City Road, London EC1Y 2AY 01-638 6011
Dealing: 01-628 6626

American Majors	54.0	57.7	+0.4	1.46
Amer Tech & Gen	91.6	97.8	+1.2	1.34
European Growth	28.1	30.0	+0.1	0.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Vanguard Trust Managers Ltd — Contd.

American & Gen	54.0	57.4	-0.2	1.83
(Accum Units)	88.5	94.0	-0.1	1.83
Growth	216.9	230.7	-0.5	2.41
(Accum Units)	327.1	348.0	-0.7	2.41
High Yield	273.4	290.9	+0.2	4.34
(Accum Units)	293.2	311.9	+0.1	4.34
Special Sits	53.4	56.8	...	2.37
(Accum Units)	55.2	58.7	+0.1	2.37
Trustee	161.0	171.3	+1.2	4.09
(Accum Units)	261.4	278.1	+1.8	4.09
European Inc	36.3	38.6	+0.1	0.71
(Accum Units)	36.45	38.8	+0.1	0.71

Wardley Unit Trust Managers Ltd (a)
99, Bishopsgate, London, EC2P 2LA. 01-374 0861

American	50.0	53.4	-0.1	1.5
Intl Growth	65.4	69.2	-0.4	0.4
Income	112.5	120.4	-0.1	5.5
Japan Growth	187.4	200.3	+0.6	0.1
Pacific Perf	117.4	124.3	+1.0	0.4
Small Co's	140.4	150.2	-0.2	1.5
Technology	32.6	34.8	+0.4	0.1
Australia	49.0	52.4	+0.3	1.3
UK Trust	160.4	169.1	+0.5	2.7
European Growth	41.0	43.3	-0.2	0.1
Hong Kong	25.9	27.5	+0.3	1.2
Intl Income	20.1	21.4	-0.2	8.5
S'pore & Mlysa Gth	18.4	19.5	+0.2	1.0
British Wilsons	25.0	26.7	—	4.8

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	18.5	19.4	+0.2	0.2
Pacific Basin	22.4	23.8	—	0.1
Can Balncd Gwth	45.5	48.4	-0.6	0.0
Glenlo Mae	97.4	101.5	-0.1	0.6
Penny Share	27.7	29.4	+0.1	0.5

Wellington Fund Mngrs Ltd
2, London Bridge, SE1, 01-407 4404

Wellington Income	107.2	114.1	—	4.14
Wellington Growth	167.0	177.6	—	2.38

Wessex Asset Management
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432

Wessex UK Gwth	93.9	97.9	+0.4	—

Whittingdale Unit Trust Management Ltd
2 Honey Lane, London EC2V 8BT 01-606 3132

Challenger	53.6	59.7	+0.1	—
Short Dtd Gilt	77.2	78.2	—	—
U.S. Govmnt Bond	50.527	0.529	—	—

Willis Financial Services Limited
PO Box 515 Austin Friars, London EC2P 2HS 01-588 7511

Aust Friars W'wide	158.5	168.7	—	3.42

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Capital & Equity	65.7	69.9	-2.0	6.80
Growth	78.9	84.0	-0.3	2.07

[illegible]

INSURANCES

[illegible]

Avon Insurance Plc
Tiddington Rd, S[illegible]

[illegible]

Barclays Life [illegible]
252 Romford R[illegible]

[illegible]

Black Horse [illegible]

[illegible]

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FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assoc.	378 4	398 5	----	–
Eb'r Ph. Eq	333 4	351 4	----	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	166 6	175.3	-0 1	–
International Acc.	125.5	132 1	-0 5	–
Property Acc.	130 2	137 0	+0 1	–
Fixed Interest Acc.	154 8	162 9	+0 1	–
Money Acc.	138 7	146 0	+0 1	–
Bldg Soc. Lion Acc.	135 8	142 9	+0 1	–
Special Mngd Acc G	147 2	154 9	-0.1	–
Phoenix/Framlington				
Intnl Growth Acc.	86 4	91 0	+0.3	–
Amer & Gen Acc.	80 0	84 2	-0.2	–
Capital Tst Acc	167 5	176.3	-0 1	–
Japan & Gen Acc.	189 9	199 8	-1 6	–
American Turn Acc	84 5	83 9	+0.5	–
Recovery Tst. Acc.	169 0	177 8	-0 7	–
Special Mngd Acc.	142.1	149 5	+0.2	–
Phoenix/GT				
International Acc	122 8	129 2	+0.4	–
US & General Acc	86 2	90 7	-0 6	–
Amer Spec Sits Acc.	65 7	68 6	-0 4	–
Japan & General Acc.	190 7	200 7	+2.7	–
Far East & Gen Acc.	146 0	153 6	-1 9	–
UK Capital Acc	171 0	180 0		–
European Acc	132.1	139 0	-0 4	–
Special Mngd Acc	125 7	132 3	-0.5	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd N Waterloo Liverpool 051-928 6655

Managed Fund	262 6	276 5		–
Man Pens Inc & Cap Fds	334.5	352.2		–
Money Fund	112 2	118 2		–
Pens Mngd Fd (Init)	82 2	86 6		–
Pens Mngd Fd (Acc)	93 3	98 3		–
Pens FT30 Fd (Init)	126 2	132 9		–
Pens FT30 Fd (Acc)	143 2	150 8		–
Pens O'seas MgFd (Init)	57 0	60 0		–
Pens O'seas MnFd (Acc)	64 7	68 2		–
Pens Fxd Int Fd (Init)	106 1	111 7		–
Pens Fxd Int Fd (Acc)	120 4	126 8		–
Pens Deposit Fd (Init)	101 2	106 6		–
Pens Deposit Fd (Acc)	114 8	120 9		–

Premium Life Assurance Co Ltd

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prufund				
Managed Apr 27	198 9	207.2	----	–

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd	424 0	446 4	-0.8	–
Equity Fd	849 9	893 9	-0.7	–
Intnl Fd	293 9	309 4	-1 9	–
Fixed Int Fd	365 2	384 5	+0.7	–
Prop Fd	320.3	337 1	----	–
Cash Fd	241.5	254.3		–
Pacific Basin Fd	171 0	180 1	-0.3	–
North American Fd	119 9	126.3	-1.1	–
European Fd	120 1	126 5	-0.6	–
Holborn Balanced Gwth Fd	99.3	104 6		–
Holborn Strategic Gwth Fd	97 9	103.1	+0.1	–

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	463 5	487 9	-0 8	–
Equity	650 8	692 4	-0 9	–
Global Equity	192 5	202.7	-1.2	–
Fixed Interest	376 7	396 6	+0.2	–
Property	314 8	331 4	----	–
Cash	139 6	147 0	+0 1	–
Index Linked Gilt	165 4	174.2	-0 4	–
Guaranteed	7 92	–	--	–
International Money	182 6	192.3		–
North American Fd	54 7	57 6	-0 2	–
Japanese Fund	124 4	131 0	-0 5	–
European Fund	65 9	69 4	-0.3	–
Special Situations Fd	94 0	99 0	+0 2	–
Communications Fund	79 7	83 9	+0 1	–
Smaller Cos Fund	95 0	100 1	-0 2	–

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretry Apr 20	£123 95	127 45	----	–
Equity Fund Apr 20	£134 08	138.11	----	–
Intnl Fund Apr 20	£20 15	20.79	----	–
Intl Bond Fd Apr 20	£10 11	10.25	----	–
Fixed Int Apr 20	£68.35	69 20	----	–
Index Linked Apr 20	£52 25	52.89	----	–
Property Fund Apr 20	£83 08	88 43	----	–

KW Albany Man.	103.1	108 5	-0 1	–
KW Crown Man.	96 6	101 6	+0.3	–
KW Ryl Heritage Man.	77 9	82 1	---	–
KW Norwich Union Man.	85.2	89 7	----	–
KW M & G Cap.	70 2	73 8	-0 4	–
KW Henderson Mgd 3.	89 9	94 7	--	–
KW Albany Mgd Inv.	98.0	103.1	-0 2	–
KW Schroder Man. Cap.	101.5	106.8	+0.1	–

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

هكذا عن الأصل

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100[illegible]	99[illegible]	Treas 9¾pc Cv '88	100[illegible]	.....	9.74	7.96
99[illegible]	98[illegible]	Transport 3pc '78-88	99[illegible]	.....	3.02	6.09
100[illegible]	99[illegible]	Treas. 9½pc '88	100[illegible]	+	9.46	8.51
102[illegible]	101[illegible]	Treas 11½pc 1989	102[illegible]	+	11.25	8.53
101[illegible]	99[illegible]	Treas 9½pc Cnv 1989	100[illegible]	+	9.42	8.59
97[illegible]	95[illegible]	Treas 3pc 1989	96[illegible]	+	3.10	6.17
102[illegible]	100[illegible]	Treas 10½pc 1989	101[illegible]	+	10.33	8.84
102	100[illegible]	Exch 10pc 1989	101[illegible]	+	9.86	8.80
103[illegible]	101[illegible]	Exch 11pc 1989	102[illegible]	+	10.70	8.76
97[illegible]	95[illegible]	Treas 5pc 1986-89	96[illegible]	.....	5.17	7.33
104[illegible]	101[illegible]	Exch 10¼pc Cv '89	103[illegible]	+	9.96	8.16
107½	105[illegible]	Treas 13pc 1990‡‡	106[illegible]	+	12.21	8.77
104[illegible]	102[illegible]	Exch 11pc 1990‡‡	103[illegible]	+	10.64	8.87
107[illegible]	105[illegible]	Exch. 12½pc 1990	106[illegible]	+	11.78	8.88
93[illegible]	91[illegible]	Treas. 3pc 1990	93[illegible]	–	3.22	6.24
99[illegible]	98[illegible]	Treas 8¼pc 1987-90‡‡	99[illegible]	+	8.34	8.83
102[illegible]	98[illegible]	Treas. 8pc Cv 1990	100[illegible]	+	7.97	7.78
103[illegible]	100[illegible]	Treas. 10pc Cv 1990	102[illegible]	+	9.77	8.95
91[illegible]	88[illegible]	Exch 2½pc 1990	90[illegible]	–	2.76	6.54
107[illegible]	105[illegible]	Treas 11¾pc 1991	106[illegible]	+	11.05	9.00
95[illegible]	92[illegible]	Funding 5¾pc '87-91‡‡	94[illegible]	–	6.09	7.92
90[illegible]	87[illegible]	Treas. 3pc 1991	89[illegible]	–	3.36	7.03
105[illegible]	101[illegible]	Treas 10pc Cv '91 ‡‡	103[illegible]	+	9.68	8.78
107[illegible]	104[illegible]	Exch. 11pc 1991	105[illegible]	+	10.39	8.99
98[illegible]	95[illegible]	Treas. 8pc 1991	97	+	8.25	8.98
113[illegible]	109[illegible]	Treas 12¾pc 1992‡‡	111[illegible]	+	11.45	9.06
104[illegible]	101[illegible]	Treas 10pc 1992	103[illegible]	+	9.71	9.03
98[illegible]	94[illegible]	Treas. 8pc 1992 ‡‡	96[illegible]	+	8.27	8.98
106[illegible]	102[illegible]	Treas 10½pc Cv 1992‡‡	104[illegible]	+	10.09	9.06
86[illegible]	83[illegible]	Treas. 3pc 1992	85[illegible]	+	3.52	7.21
112[illegible]	108[illegible]	Exch. 12¼pc '92	110[illegible]	+	11.05	9.13
117[illegible]	113[illegible]	Exch 13½pc 1992	115[illegible]	+	11.70	9.14
105[illegible]	100[illegible]	Treas 10pc 1993‡‡	103[illegible]	+	9.65	9.07

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89[illegible]	82[illegible]	Treas. 7¾pc 2012-15‡‡	87[illegible]	+	8.86	8.99
130[illegible]	121[illegible]	Exch. 12pc '13-'17	128[illegible]	+1	9.37	9.13

Undated

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
44[illegible]	41[illegible]	Consols 4pc	43[illegible]	+	9.13	–
39[illegible]	37[illegible]	War Loan 3½pc‡‡	39[illegible]	+	8.95	–
52[illegible]	48[illegible]	Conv. 3½pc '61 Aft	51[illegible]	+	6.77	–
33[illegible]	30[illegible]	Treas. 3pc '66 Aft	32[illegible]	+	9.23	–
28[illegible]	26[illegible]	Consols 2½pc	27[illegible]	+	9.07	–
28[illegible]	26[illegible]	Treas. 2½pc	27[illegible]	+	9.07	–

Index-Linked

1988 High	Low	Stock	Price £	+ or –	(1)	(2)
120[illegible]	117½	Treas 2pc IL '90(333.9)	120	–	0.28	1.82
101[illegible]	99[illegible]	Do. 2pc '92‡‡ (385.8)	101[illegible]	.....	1.92	2.61
136[illegible]	127[illegible]	Do. 2pc '96(267.9)	135[illegible]	.....	2.92	2.54
113[illegible]	103[illegible]	Do 2½pc '01 (308.8)	112[illegible]	+	3.48	3.72
111[illegible]	101[illegible]	Do. 2½pc '03(310.7)	110[illegible]	+	3.56	3.77
112[illegible]	102[illegible]	Do. 2pc '06(274.1)	111[illegible]	+	3.63	3.81
105[illegible]	95[illegible]	Do. 2½pc '09(310.7)	104[illegible]	+	3.65	3.81
109[illegible]	99[illegible]	Do. 2½pc '11(294.1)	108[illegible]	+	3.66	3.81
90[illegible]	82[illegible]	Do. 2½pc '13(351.9)	89[illegible]	+	3.65	3.80
98[illegible]	88[illegible]	Do. 2½pc '16(322.0)	96[illegible]	+	3.62	3.76
95[illegible]	87[illegible]	Do. 2½pc '20 (327.3)	94[illegible]	+	3.57	3.70
80[illegible]	73	Do. 2½pc '24 ‡‡(385.3)	79[illegible]	+	3.53	3.65

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for August 1987:102.1 and for March 1988: 104.1 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
28⅞	22⅝	TRW Inc. 62½c	22⅝xd	−⅛	$1.60	−	3.8
25⅛	21¼	Tenneco $5	23¼xd	−¼	$3.04	−	7.2
26⅝	19⅞	Texaco $6 25	26⅛xd	+⅛	$3.00	−	6.2
52⅛	43¼	Time Inc. $1	47⅛	+⅛	$1.00	−	1.2
20⅛	15⅞	Transamerica $1	17¼	−¼	$1.84	−	5.8
10¼	754p	Transworld Corp $5	944p	−7	20c	−	1.2
20⅛	15	TRINOVA Corp.	16¼	−⅛	56c	−	1.9
19	15¼	USX $1	17¼	+⅛	$1.20	−	3.9
23	17⅛	Utd Technologies	22	−⅛	$1.60	−	4.2
31⅛	26¼	US West	28⅛	−⅛	$3.52	−	6.8
21¼	16⅞	Waste Management $1	19¼	+¼	36c	−	1.0
16¼	12⅞	Whirlpool $1	13⅞	+⅛	−	−	−
30⅛	18¼	Woolworth $3½	30⅛	+⅛	$1.64	−	3.0

CANADIANS

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
309p	190p	ABM Gold Corp	217p	+5	−	−	−
32p	13p	Abbot Energy Corp.	13p	.....	−	−	−
14¼	990p	Amer. Barrick Res.	13	+1⅛	−	−	−
10p	3½p	Americao Lightwave	8½p	.....	−	−	−
47p	21½p	Armeno	28p	−1½	−	−	−
76p	48p	Augmitto Expln.	50p	−2	−	−	−
12¼	10¼	Bk. Montreal	11¼	.....	$2.00	−	7.8
595p	528p	Bk. Nova Scot.	553p	−2	76c	−	6.1
17⅛	15¼	BCE	16⅛xd	−⅛	$2.44	−	6.5
716p	591p	Bow Valley	641p	−11	40c	−	2.7

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

هكذا عن الأصل

LONDON SHARE SERVICE

INSURANCES—Contd

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1988 High	1988 Low	Stock	Price	+ or -	Div Net	C'vr	Gr's	P/E
[illegible]								
38	16	Norton Group 5p....γ	20	......	-	-	-	-
59	36	Ovoca Gold IR 2p. γ	55	-2	-	-	-	-
50	33	Propeller 1p........γ	45	......	-	-	-	♦
31	13	Publishing Hldgs.5p..γ	17	......	-	-	-	10.2
80	70	Seacon Hldgs.........γ	70	......	-	-	-	♦
27	18	Stats Hldgs. 5p......γ	20	-2	-	-	-	51.2
4½	3	Swanyard Studios 1p.γ	3½	......	-	-	-	20.0
255	200	Takare....................γ	255	+2	b1.0	8.1	0.5	26.2
57	41	Theme Holdings......γ	46	......	1.1	♦	3.2	♦
36	26	Tomorrows Leisure 20p.γ	26	......	-	-	-	10.4
25	15	Tullow Oil 10p........γ	18	-1	-	-	-	-
135	120	UPL Group 10p......γ	122	......	L2.41	2.8	2.6	18.3
142	120	Unit Group.............γ	142	......	R4.6	2.5	4.3	10.2
95	85	Video Tape Recording 5p.	92	-1	L2.3	2.3	3.4	13.1

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¶¶ Dealt in under Rule 535(3).
- ¢ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Albany Inv 20p.....γ	71	+1
Craig & Rose £1....γ	680	......
Finlay Pkg. 5p......γ	79	......
Holt (Jos) 25p......γ	£11¼	......

IRISH

Stock	Price	+ or -
Nat. 9¾ % 84/89..	£101	......
9pc Cap Ln. 1996..	£98¼	......
Fin. 13% 97/02...	£118⅝	......
Arnotts................γ	300	......
CPI Hldgs............γ	80	......
Carrol Inds...........γ	153	+2
Hall (R. & H.).......	117	......
Heiton Hldgs........γ	40	......
Irish Ropes...........γ	123	......
Unidare................γ	350	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp	40
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	25
Cadburys	25
Charter Cons	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	65
GEC	15
Glaxo	110
Grand Met	42
GUS 'A'	110
Guardian	57
GKN	30
Hanson	14
Hawker Sidd	48
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen	30
Lex Service	35
Lloyds Bank	28
Lucas Inds	62
Marks & Spencer	20
Midland Bk	35
Morgan Grenfell	35
NEI	10
Nat West Bk	60
P & O Dfd	52
Plessey	16
Polly Peck	32
Racal Elect	22
RHM	35
Rank Org Ord	60
Reed Intnl	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	28
Unilever	50
Vickers	18
Wellcome	42

Property

Stock	p
Brit Land	28
Land Securities	48
MEPC	48
Peachey	40

Oils

Stock	p
Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	8
Shell	110
Tricentrol	18
Ultramar	24

Mines

Stock	p
Cons Gold	100
Lonrho	29
RTZ	33

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

FINANCIAL TIMES

Saturday April 30 1988

Four nations to discuss Angola in London

BY MICHAEL HOLMAN AND ROBERT MAUTHNER

AN UNPRECEDENTED meeting of officials from Angola, Cuba, South Africa and the US will take place in Britain on Tuesday in an attempt to end the 13-year war in Angola and bring independence to Namibia (South West Africa).

It will be the first time the four parties most closely involved in the conflict have got together and it seems clear that the Soviet Union will be in the background.

The Foreign Office, which announced the meeting, said the venue for the two-day talks would not be disclosed, at the request of the participants.

Mr Anatoly Adamishin, Soviet *deputy Foreign Minister*, made it clear in London yesterday that the Soviet Union supported attempts to find a solution to the Angolan and other southern African problems.

Mr Adamishin, speaking after a day of talks with Dr Chester Crocker, the US Assistant Secretary of State for Africa, said there was *"a certain political dynamism"* which could facilitate the settlement of regional conflicts like Angola.

That evidence of co-ordinated US-Soviet action, together with recent diplomatic developments, raised hopes for a negotiated end to the conflict.

Angola, together with Ethiopia, was on the list of regional issues discussed at the US-Soviet summit in Washington last August, and followed up by Mr George *Shultz, US Secretary of State*, and Mr Eduard Shevardnadze, Soviet Foreign Minister, most recently in Moscow earlier this month.

The groundwork for the meeting has been laid during months of intensive diplomatic efforts orchestrated by Mr Crocker.

That activity has coincided with an upsurge in Angola's civil war, with the South African-*backed forces of Dr Jonas Sav*imbi's Unita rebels and army of President Joaquim dos Santos, supported by 40,000 Cuban soldiers, battling for control of strategic towns in southern Angola.

The inconclusive outcome of fighting, in which thousands have died, appears to have forced both sides to concede that mili*tary victory is not possible.*

Linked to the war in Angola is the attempt to secure independence for Namibia, illegally occupied by South Africa. Guerrillas of Mr Sam Nujoma's South West Africa Peoples Organisation, *operating from bases in southern* Angola, have been fighting for the territory's independence.

Efforts to implement a UN plan for elections in the territory leading to independence, accepted in principle by South Africa, have been frustrated by Pretoria's insistence – with Washington's backing – that the Cuban troops in Angola should first be withdrawn.

Angolan proposals for a phased and partial withdrawal, first *made in 1984 and since modified*, have failed to meet those demands, but Mr Crocker is believed to have secured further concessions from the Angolan Government during visits to Luanda, the country's capital.

A second precondition appeared to be set recently by General Magnus Malan, South Africa's Defence Minister, when *he called for the creation of a* coalition Angolan administration whose neutrality would be guaranteed by the superpowers. It was not clear, however, whether he was putting forward an early negotiating position or whether it was an inflexible demand.

London talks mark push for Angola peace, Page 2

Oil prices fall as Opec falters over export cuts

By Richard Johns in Vienna and Steven Butler in London

OIL PRICES fell yesterday *after talks* by the Organisation of Petroleum Exporting Countries in Vienna failed to produce an agreement to match cuts in exports offered earlier this week by six non-Opec states.

A further meeting was planned late last night amid signs of continuing discord over whether the organisation's production quotas *should be reduced.*

The continuing uncertainty pricked an earlier mood of optimism in oil markets. Brent oil for May delivery fell by 30 cents to $16.675. At the New York Mercantile Exchange, June futures for West Texas Intermediate crude were down 23 cents at $17.75 in midday trading.

Many traders believed that *Opec would be sure to react* positively to the firm offer from non-Opec producers to cut exports by 5 per cent for two months until the end of June. As talks dragged on, however, chances of an agreement appeared more remote. Trading has this week been relatively light, with many traders closing out positions to avoid excessive exposure.

Saudi Arabia, Kuwait, the United Arab Emirates and Qatar are reluctant to reduce production during the proposed two-month period amid fears that this may prompt an unsustainable boost to prices. Iraq refuses to *agree to any limits on its output* while embroiled in war with Iran.

The majority of members believe, however, that Opec should find a positive response to the unprecedented initiative made by independent oil producers *to co-operate in efforts to lift* oil prices back to the Opec reference price of $18 per barrel.

A reduction of 5 per cent by Mexico, Colombia, Angola, Egypt, Oman and Malaysia – the non-members represented in consultations with an OPEC committee – would amount to only 183,000 barrels a day.

Given the opposition of the Arab Gulf states, agreement on anything more than a barrel-for-barrel cut appeared unlikely. Opec analysts expect demand to increase in the second half of 1988, although they disagree on the extent.

Dr Fernando Santos Alvite, Ecuador's Minister of Oil, said yesterday that "most probably" further discussion on collaboration would be postponed, and no decision taken until Opec's next ordinary conference scheduled to begin here on June 8.

Polish engineering workers protest over pay and sackings

BY CHRISTOPHER BOBINSKI IN WARSAW

WORKER protests were reported at a second important Polish *enterprise yesterday* and opposition groups said 25 activists around the country had been arrested.

According to opposition accounts, workers held a mass meeting yesterday morning outside management offices at the Stalowa Wola engineering works, in the south.

They demanded a pay increase *and for the return to work of two* Solidarity activists sacked last week.

Government spokesman, Mr Jerzy Urban, said workers returned to the factory after the protest meeting but opposition groups insisted that 6,000 of the 25,000 employees had gone on strike.

At the same time, the Government warned that a steelworkers' strike in Krakow, entering its fourth day, threatened to undermine economic reform.

It hinted that strikers would be sacked if they continued with their action, but the use of force appeared to be ruled out for the time being.

Half the 32,000 workers at the Lenin steel factory in Krakow are taking part in a strike which began at the works on Tuesday.

The activists arrested included Mr Zbigniew Bujak, the Warsaw leader of the banned Solidarity trade union movement, and Mr Janusz Onyszkiewicz, its spokesman, opposition groups said.

The past week has seen Poland's first large-scale industrial unrest since General Wojciech Jaruzelski imposed martial law in December 1981.

Mr Urban, when asked whether the authorities would use force against strikers, said it was not the right time to put such a question.

He denied that the situation was "dramatic" *but said Poles* faced a choice of whether or not to support the strikes, which would lead to "chaos and anarchy."

Officials confirmed that regulations were being prepared which *would enable Polish companies* to raise wages above 30 per cent. At present, if this barrier is broken, big tax penalties are imposed on profits.

Wages in the first quarter of the year have risen 46 per cent, while prices increased by 45 per cent. Officials estimate that the inflation rate for the year will reach 53 per cent.

British Shipbuilders faces writ

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

TRAFALGAR HOUSE, the shipping and construction group, last night issued a writ for £186m against British Shipbuilders, claiming it was misled over the prospects of the Scott Lithgow yard on the Lower Clyde, which it bought for £12m in 1984.

Trafalgar said some of the information supplied by British Shipbuilders and local management at Scott Lithgow before the sale was "materially inaccurate." The group was seeking reimbursement of "additional costs" *since the acquisition.*

The writ relates principally to the costs of completing the oil rig Ocean Alliance for Britoil, which was under construction at Scott Lithgow when Trafalgar bought the yard. Part of the costs also relate to the completion of a rig for BP and a small support vessel for the Defence Ministry.

Trafalgar is believed to have made provision against reserves for the full £186m sought from British Shipbuilders. The corporation has made no provision for meeting the claim.

The issue of the writ follows confirmation that the Government is considering the sale or closure of British Shipbuilders' remaining yards.

It was unclear last night whether the Government would retain residual responsibility for British Shipbuilders' liabilities in the event of privatisation. It is unlikely that any of the corporation's assets could be sold unless *the buyers were indemnified* against the action.

The Department of Trade and Industry said the writ was "a commercial matter for British Shipbuilders." There was no comment from the corporation.

Trafalgar's claim is separate from an earlier dispute over the value of the assets at Scott Lithgow at the date of the sale. Brit*ish Shipbuilders has already* made payments totalling £64.7m under the terms of the acquisition agreement.

This is in addition to £82m pumped into Scott Lithgow by the corporation immediately before the sale, and intended to make the yard a going concern.

In the event, Scott Lithgow never won another order, partly because of a prolonged recession in the offshore market which followed the purchase by Trafalgar.

The only work placed in the yard after the sale was a contract to lengthen the Atlantic *Conveyor, placed by Cunard, a* Trafalgar House subsidiary.

Scott Lithgow hoped to win government orders for a supply ship for St Helena and three small naval ships but all four orders went to other yards.

Trafalgar put Scott Lithgow on a care and maintenance basis in December, with the loss of more than 1,000 jobs but says it plans *to reopen the yard when offshore* activity picks up.

Charterhouse appoints vice-chairman

BY DAVID LASCELLES, BANKING EDITOR

MR JONATHAN COHEN, who resigned as chief executive of County NatWest in February after the investment bank lost £116m in last year's stock market crash, is to become vice-chairman *of Charterhouse Bank, the mer*chant banking arm of Royal Bank of Scotland.

Mr Cohen, 44, will play an external rather than management role at Charterhouse. His job will be to help develop the business and enlarge Charterhouse's customer base.

A chartered accountant, he spent part of his earlier career with S.G. Warburg, the merchant bank. His resignation from County was accompanied by that *of its chairman, Mr Charles Vil*liers.

Mr Victor Blank, chief executive of the Charterhouse group, yesterday described Mr Cohen as "an exceptional merchant banker in the broadest sense." He said he had been responsible for many notable achievements at County and that his prime skills had not been impaired by events there.

Charterhouse has recently begun to move up the UK merchant banking leagues. Last year it ranked fourth in terms of the value of bids handled for UK companies and British bids abroad, a total of 46 deals worth £5.3bn. The previous year it ranked eighth. Mr Blank said he believed Mr Cohen's appointment would help Charterhouse capitalise on its recent successes.

Executives' share option hits Staley's profits

By Roderick Oram in New York

EXECUTIVES of Staley Continental, the Chicago sweetener and foods group, *benefited from* lucrative stock option plans this month when the group's shares rose sharply ahead of a takeover bid from Tate & Lyle, the British foods company.

The cost to the company of triggering the "executive compensation and long-term incentive plans" virtually eliminated its profits for the second quarter ended March 31, Staley said

Without the non-cash charge it *would have reported net earnings* of $9.8m (£5.2m) compared with $6.8m a year earlier.

Staley first reported on April 5 that the plans had been activated. The news was released several days before the Tate & Lyle bid but 12 days after the New York Stock Exchange had asked Staley's management if it could account for unusually heavy activity in the company's shares. The management said it knew of no reason.

Staley's shares, which were trading at around $24 in mid-March, rose sharply late in the month, driven by Wall Street *speculation of a takeover bid.* When they hit $28, the share options were triggered, vesting ownership of the stock in individual executives' names.

The company's shares rose $¼ to $38 yesterday, $3 above Tate & Lyle's revised offer of $35 a share. Staley has recommended its shareholders not to tender their stock until its board has reviewed the takeover offer, which Tate & Lyle had raised by $3 a share on Wednesday.

The share schemes are part of the management's elaborate golden parachute provisions, now being challenged by Tate & Lyle.

Tate & Lyle's court fight against Staley's use of Delaware takeover law was backed on Thursday by the US Securities & Exchange Commission. The regulatory agency argued in a brief to the court that the state's law was unconstitutional because it gave management "substantial power to determine which tender offer shareholders can consider" – a *result contrary to the principle of* free shareholder choice.

Tate & Lyle is asking the court to overturn the law, which is a fundamental part of Staley's bid defence.

The share option charge *reduced net profits for the second* quarter to $325,000 from $6.8m, or 12 cents a share, a year earlier. Revenues rose 9 per cent to $856.4m from $785.7m.

THE LEX COLUMN

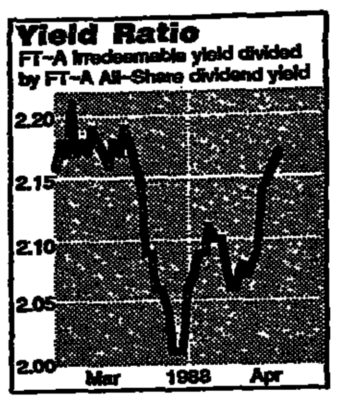
Putting price before value

It must be counted good news that the FT-SE index managed to close the week above 1,800, but it is also possible to put a less optimistic gloss on things. This was a week, after all, which saw better than expected trade figures, a £2bn bid for Rowntree, sharp rises in the shares of Cadbury and Racal and good figures from ICI; the market's response to all that was to put on just 30 points over five days.

The reaction to the trade figures – a brief and confused flurry which left the market back where it started – was confirmation of the continued drab reluctance by fund managers to come off their perches. The week's really interesting development, though, came in the form of upheavals in asset valuation. The *fact that Nestlé puts such a price* on Rowntree mainly shows that it is attracted by the long-term store of value in Rowntree's brands, as pension and life funds ought to be but evidently are not. The jump in Racal's price is a *touch more mysterious.* There is more to it, plainly, than mere bid rumour; having the business repackaged in two parts – to no *real operational effect* – apparently allows the market to value it quite differently.

The optimist might deduce that fund managers nowaccept that the market is under-priced, but have lost the confidence to bridge the gap themselves. It is possible to sympathise; the classic example of a stock valued without outside help is Glaxo, which hit yet another post-crash low yesterday. The fall in Glaxo's value over the past nine months is now £6.8bn, which is enough to frighten anyone.

FT Index fell 0.8 to 1443.9



Holmes à Court

The unseemly haste with which Mr Holmes à Court, one of the best-known speculators in the *recent global bull market, has* cashed in almost his entire 40 per cent stake in his master company, Bell Group, leaves a very sour taste. While it may say something about his investment skills, the fact that he has sold effective control of his company for a premium of more than 50 per cent over Bell's current share price is not going to go down well with the rest of Bell Group shareholders. This sort of behaviour appears to confirm the market's fears about the severity of Mr Holmes à Court's financial condition and is a salutary reminder to small investors of the dangers of *backing a creature of the bull* market.

Bond Corporation, which has picked up 19.9 per cent of Bell at A$2.70 a *share* and now effectively controls the destiny of a group whose interests stretch *from London theatres to a 15 per cent stake in Standard Chartered*, has said that it does not propose a takeover. In spite of the surprising largesse of the West Australian State Government Insurance Commission, it is unlikely that its generosity will extend to bailing out the rest of the shareholders. Their future hinges on what happens to the asset-rich associate, Bell Resources. There is a *certain* cruel irony about the fact that Mr Holmes à Court has now turned the tables on Messrs Brierley and Packer, who destroyed his chances of early financial recovery by scuppering his reverse takeover of Bell Resources. Mr Bond is unlikely to be in a hurry to sell Bell Resources and this means that Bell Group shareholders will *have even longer to wait* for their money now.

TSB

The TSB may be well regarded by its 7m customers, but its stock market image still leaves a lot to be desired. Indeed, the 2m punters who failed to get shares in the October 1986 flotation are probably considerably happier than the 2m who bought, and kept, their shares. For the last few weeks, the shares have been hovering close to the original £1 flotation price – despite a near one-fifth rise in the overall stock market in the intervening period – and the underperformance is even more dramatic when it is remembered that the shares *touched 154p just before the* crash six months ago.

The TSB's miserable perfor*mance partly reflects the fact* that it raised far too much money, the bulk of which it promptly squandered on a couple of *highly priced acquisitions*. It has also been slow to exploit its obvious advantages, which include a clean and ungeared balance sheet, the biggest customer base of any UK retail bank, and more customer deposits than it knows what to do with. But while the prices paid for Target and Hill Samuel can be criticised, both companies are major factors in their respective markets and fit neatly into the TSB's ambitions to be a dominant player in the financial services arena.

While a conservative approach is no bad thing, the TSB has been unnecessarily slow in maximising its potential, and it is failing to take full advantage of the current boom in the UK retail financial services market. Yesterday's management reorganisation *is* a belated recognition that investors are beginning to lose patience; the worry is that the new chairman might want to reorganise the group yet again when he takes over.

Norsk Hydro

Norsk Hydro's forthcoming $400m cash call looks like the nearest thing to a true worldwide rights issue. There areprecedents for most of the detail, but the overall effect is to launch the issue in eight different markets, after an underwriting period which – in line with Norwegian rules – stretches to a rather unnerving six weeks. Norway, like the UK, adheres to the prin*ciple of pre-emption* rights, and US holders – some 17 per cent of the total – have the chance to take up their rights through the free issue of what are, in effect, ADR warrants (a technique already used in the Barclays rights issue).

The revival of the issue – which was pulled in the weeks after the October crash – also represents a bold judgment on the health of the capital markets. Much of the proceeds will go to buying out the Norwegian government's minority stake in Norsk Aluminium, which might seem a curious use of cash in the *late 1980s. But, after all*, there is money to be made in declining markets; as Norsk showed with its first quarter figures earlier this week, its bold assault on the European fertiliser industry, which for a while looked pure disaster, might be coming right after all.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 13½pc '04-08	£134⅞	+	$\frac{15}{16}$
Abbey Life	285	+	6
Burford Group	290	+	10
Callyns	508	+	28
Dewey Warren	124	+	6
Dixons	182	+	7
Eng. China Clays	429	+	9
Fisons	263	+	8
Hawker Siddeley	515	+	19
Hickson Intl.	173	+	8
Illingworth Morris	164	+	9
Kynoch (G. & G.)	295	+	35
Lloyds Chemists	127	+	7
Morgan Grenfell	278	+	8
Northern Foods	304	+	24
Rank Org.	731	+	10
Royal Bk. Scot.	348	+	10
Royal Ins.	438	+	12

FALLS

Allied-Lyons	414	–	7
Cable & Wireless	337	–	7
Crystalate	153	–	7
Enterprise Oil	394	–	12
Lex Service	364	–	6
LASMO	404	–	6
P. & O Defd.	578	–	6
Scot. & Newcastle	278	–	6

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	Dallas		–	–	Madeira	S	20	68	Prague	F	18	64
Algiers	F	23	73	Dublin	F	10	50	Madrid	C	16	61	Reykjavik	C	9	48
Amsterdam	F	12	54	Dubrovnik	C	17	63	Majorca	C	20	68	Rhodes	C	20	68
Athens	S	17	63	Edinburgh	F	9	48	Malaga	S	25	77	Rio de Janeiro		–	–
Bahrain	S	29	84	Faro	F	17	63	Malta	F	19	66	Rome	F	19	66
Barcelona	F	18	64	Florence	F	29	86	Manchester	F	11	52	Salzburg	C	12	54
Belfast	C	9	48	Frankfurt	S	13	55	Melbourne	S	22	72	S'Francisco †	R	14	57
Belgrade	S	17	63	Geneva	S	12	54	Mexico City		–	–	Santiago		–	–
Berlin	F	16	61	Gibraltar	S	20	68	Miami †	S	20	68	Seoul	S	22	72
Biarritz	C	15	59	Glasgow	F	9	48	Milan	F	17	63	Singapore	R	30	86
Birmingham	C	9	48	Guernsey	C	10	50	Montreal †	R	6	43	Stockholm	S	16	61
Blackpool	F	10	50	Helsinki	S	12	54	Moscow	C	2	36	Strasbourg	S	17	63
Bombay	C	32	90	Hong Kong	F	27	81	Munich	C	12	54	Sydney	R	17	63
Bordeaux	C	14	57	Innsbruck	F	15	59	Nairobi	T	25	77	Tangier	F	18	64
Boulogne	R	13	55	Inverness	S	9	48	Naples	C	15	59	Tel Aviv	S	26	79
Bristol	C	9	48	Isle of Man	F	8	46	Nassau		–	–	Tenerife	F	22	72
Brussels	S	15	59	Istanbul	F	16	61	Newcastle	C	8	46	Tokyo	R	17	63
Buenos Aires		–	–	Jersey	R	12	54	New Delhi	C	37	99	Toronto †	R	6	43
Budapest	C	17	63	Johannesburg	S	18	64	New York †	F	9	48	Tunis	F	21	70
Cairo	S	33	91	Las Palmas	S	21	70	Nice	S	19	66	Valencia	F	24	75
Cape Town	S	30	86	Leeds	C	9	48	Nicosia	S	24	75	Venice	C	18	64
Cardiff	C	8	46	Lisbon	F	17	63	Oporto	F	15	59	Vienna	C	15	59
Chicago †	S	4	39	Locarno	C	17	63	Oslo	F	14	57	Warsaw	S	13	55
Cologne	F	16	61	London	R	10	50	Paris	F	15	59	Washington †	C	9	48
Copenhagen	R	6	43	Los Angeles †	S	12	54	Peking	S	26	79	Wellington	Dr	9	48
Corfu	S	19	66	Luxembourg	C	14	57	Perth	C	20	68	Zurich	F	13	55

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Holmes à Court Continued from Page 1

of A$1.70.

The deals leave Mr Holmes à Court with a residual stake of about 6 per cent in Bell Group.

The A$825m takeover bid for Bell Resources launched by Sir Ron and Mr Packer forced Mr Holmes à Court to abandon a *restructuring of his empire under* which Bell Group would have acquired Bell Resources for A$625m.

The restructuring would have completed a post-crash strategy which began with the string of asset disposals and included a decision in February to accept large accounting losses.

But it left Mr Holmes à Court highly vulnerable. Even in the wake of yesterday's deals the Brierley camp sees the joint bid for Bell Resources as unaffected.

Mr Rod Price, chief executive of Industrial Equity, the New Zealand-based Sir Ron's Sydney arm, was quoted as saying of the *Western Australia purchases in* Bell Group: "Why the state government would want to pay over the market for 20 per cent of the company, I don't know. But they do things differently over there."

To outsiders, yesterday's deals signified another rescue by "Western Australia Inc."

Since October the insurance commission had already aided Mr Holmes à Court by paying A$206m for some Perth properties and buying a *2.5 per cent stake in* BHP from Bell Resources for A$288m.

Bond Corporation, which also has media interests, said the investment was complementary to its "interests and position." It said it did not propose a takeover but would seek board representation.

The company insisted it had not acted jointly with the state *insurance commission and had* no agreements, understandings or arrangements with it. As for the premium price it paid, Bond said it had undertaken its own evaluation of the investment.

Separately Mr Wyvern Rees, commission chairman, said its purchase was made after an independent valuation by Salomon Brothers, and was at *less than asset-backing.*

He was also quoted as saying the commission intended to become an independent long-term shareholder in Bell and would not become involved in management issues.

From Bell Group itself all that was forthcoming was a one-sentence statement acknowledging that "interests associated with the chairman" had disposed of 39.9 per cent of the company. It did not identify the buyers or give a price.

Seamen call for action Continued from Page 1

in Dover early this *morning.*

Before they left, the crews issued a statement in which they said they had decided to break ranks because the NUS had reneged on a commitment to hold a secret ballot on the company's *proposals to change working* practices. It said they feared their jobs would have been taken by non-unionised seamen recruited by the company *if they had not* flown to Rotterdam.

At least three crew members, *however, were flown home from* Rotterdam earlier in the week after deciding not to sail.

By last night no further crews had arrived in Rotterdam, and it was thought P&O would assess the situation in Dover before attempting to put more of its fleet to sea. The company has repeatedly predicted it would have at least five ships back by the end of this week.

Apart from three more ferries in *Rotterdam, the company's* other ships are in Calais, Flushing in the Netherlands and North Shields on the Tyne.

WEEKEND FT

Weekend April 30/May 1 1988

A CELEBRATION OF SCOTLAND

Battle for the Highlands

Some see Britain's great northern wilderness as a refuge, others as a target for economic development. James Buxton examines the arguments

SIX YEARS ago Dr Bill Hemmings, a biologist, gave up urban life. He had confounded doctors who gave him only a year to live with cancer of the spine and with his wife, Sue, was even more determined to realise a long-nurtured dream of settling in the west Highlands of Scotland. To their delight they succeeded in buying Glencripesdale, a large farmhouse on the southern shore of Loch Sunart, a long sea inlet that snakes from the Atlantic into that great chunk of wild landscape south-west of Fort William known as the Ardnamurchan peninsula.

To get to Glencripesdale, you must drive for an hour along a badly pot-holed track, much of it through Forestry Commission woodland that, for once, is pleasantly disorderly. You see the odd stag grazing – the Chernobyl disaster has devastated venison prices and produced a glut of red deer here. Finally, you get to a white-walled house at the top of a rough meadow between the trees, looking out onto the loch and the mountains behind.

However, the retreat, which the Hemmings run as a tiny hotel for others seeking peace, is not perfect. Just as they were becoming established, Loch Sunart started to get busier. Instead of just the occasional yacht mooring there, fish-farming companies anchored clusters of large, floating cages in some of the bays to breed the reared salmon that are the Highlands' most rapidly-increasing product. Not far from Glencripesdale itself, there are lines of little orange buoys, rather like the surface of an Olympic swimming pool, each suspending ropes on which fish farmers are growing scallops.

The occasional motor-boat plies across the loch while lorries and pick-ups belonging to the fish-farming companies buzz along the roads around it. On the north side, McConnell Salmon, an offshoot of the Booker group, is busy expanding its little base with a pier and sheds and a dozen men in orange overalls. Loch Sunart, in the eyes of the Hemmings and their guests – who complain about the traffic, bits of plastic being washed up at the high-tide mark, and hearing snatches of BBC Radio One from the workboats – is no longer a haven of peace.

The fish farms on Loch Sunart mostly are tucked into bays and from the majority of viewpoints along the loch you still see only deserted water. But such has been the extraordinary growth of this industry in the past eight years that there is hardly a sheltered inlet along the west coast that has not got a scattering of salmon cages, or is shortly to get some.

Along with the blanket planting of conifers on the hills, the growth of marine fish farming has become a major issue for conservationists in Scotland. By pitting the cause of economic development against those who prefer to see the Highlands as a refuge, it raises the question of what sort of people – and what purpose – the Highlands are for.

The native population is about 340,000 – not much more than the English city of Leicester – and by no means all of those are indigenous clansmen. The Hemmings are self-admitted "white settlers" – the Highlands term for people, usually from England, who have recently moved there, buying up old cottages or building little bungalows or, very occasionally, taking over crofting smallholdings. They are helping to repopulate the area after generations of local people drifted away to the towns, unable to find work at home.

Suddenly, though, fish farms are creating work for ordinary people throughout the west coast at an unprecedented rate. In the little settlements along Loch Sunart, they employ nearly 70 people. Unemployment effectively has disappeared: officials who tried to organise the Youth Training Scheme there went away empty-handed and the number of children in the little primary school at Glenborrodale, near the entrance to the loch, is set to rise from four to 19 in the next school year.

Beyond Glenborrodale, the woods and rhododendrons on the hillside disappear and the single-track road takes you into a wild, open landscape culminating in Ardnamurchan Point, the most westerly tip of mainland Britain – further west even than Land's End. Shortly before you get there, looking out on a superb view across the sea to the island of Mull, is the village of Kilchoan. White-painted cottages are scattered among the sheep pastures along with a school, a hotel and two churches. At first sight, it looks a prosperous community.

In the post office, however, Catrina MacMillan tells a sombre tale. A sensible, articulate woman, she is married to the local bus-driver who also runs a croft with 120 sheep. The village, she explains, depends almost totally on seasonal tourism. In winter, only about 100 people live there: in summer when the holiday cottages fill up, many with people from the south of England, it can swell to more than 1,000. But without year-round employment, there is nothing to keep such few young people as the village still has. "When they're 12, they go to the secondary school at Fort William and stay in a hostel as weekly boarders (there is no secondary school closer), and that's them away from home," she says.

For MacMillan, the new activity of salmon farming could offer Kilchoan permanent jobs for young people and the hope of becoming a more balanced community. The local member of the Highland Regional Council, Dr Michael Foxley, who has sometimes criticised fish farming elsewhere, actually suggested to Marine Harvest, the salmon-growing subsidiary of Unilever, to apply to come to Kilchoan. Previously, the industry had passed-by the location because it was too exposed to the elements, but now Japanese technology exists for fish farming in such waters. However, the application is not likely to go unopposed by conservationists.

The clash of interests between the white settlers, the holiday cottagers and the indigenous people along Loch Sunart and out at Kilchoan does not amount to a blazing environmental row – the people are too discreet and too much separated by distance for that. But it is in microcosm a debate over the whole of the Highlands, and one followed closely by people hundreds of miles away in the south of England.

In an office off the Strand in London sits Neil Jamieson, an earnest, grey-haired man who runs an organisation called the Scottish Scenic Trust. This is an unashamed pressure group with an annual budget of about £30,000: it has patrons and advisers but no members. Yet, through skilful use of media coverage – Jamieson, an expatriate Scot, is a public relations man – it wields much influence in Scotland while his letters, often worded fiercely, drop frequently onto the desks of government ministers.

Jamieson says he sees the Highlands primarily as a place where people in the rest of Britain go to enjoy outdoor recreation in a wild landscape. "It's one of the last bastions of the outdoors in Europe," he says. "It's in the interests of the British public as a whole that it should be protected." He believes conservation in Scotland is 20 years behind the rest of Britain.

According to Jamieson, the Highlands' greatest potential is for tourism and nothing should be done – whether erecting power lines, extracting minerals or planting unsightly forests – to detract from that. Tourism must be seen as a genuine occupation, he says, and increasingly it is becoming almost a year-round activity in Scotland.

Jamieson insists he is not opposed to fish farming – which he calls "an ideal industry for the Highlands" – but is alarmed at the effect of its proliferation on the scenery. He attacks the fact that control of its development is largely in the hands of the Crown Estate Commissioners who, through the Crown's ownership of the seabed, issue the leases.

The Scottish Scenic Trust, along with 11 other conservation bodies ranging from the Royal Society for the Protection of Birds to Friends of the Earth, produced a discussion document recently on marine fish farming. It raised many fears, from the risk of pollution to the damage to wildlife posed by the occasional shooting of seals which try to prey on the captive salmon. Jamieson would like to see fish farming cut to about two-thirds of its present size and considerable areas of the Highlands put out of bounds to it altogether.

The fish farming industry believes it can answer most of the criticisms. The companies insist that because they are likely to be the first to suffer from water pollution they are good watchdogs, although research is being stepped up. The need to shoot the occasional seal is an embarrassment, given the acute public sensitivity over anything to do with them, but the number killed - put at about 1,000 a year - is insignificant compared with the burgeoning growth in the UK seal population caused by the government ban on culling. However, the Highlands and Islands Development Board, the role of which is to promote the prosperity of the region, is afraid that the headlines won by conservation groups risk giving fish farming a bad name and holding back its development.

"I get very fed up with those who come in from the south of England and tell us how we should go on," says Ronnie Cramond, deputy chairman of the HIDB and not one to mince words. He resents particularly Jamieson's brief but well-publicised flying visits to Scotland. According to Cramond: "He poses serious questions. But instead of waiting for the answers, he gets on the next plane back to London."

Cramond belongs to seven conservation societies, but he rejects the idea that the Highlands should largely be left untouched – "preserved in aspic" in the board's phrase. He says the Highland landscape, up to about the 2,000ft level, is man-made and not natural. Over the past 1,500 years, the ancient Caledonian pine forest that covered much of the Highlands was cut down almost entirely. In the 19th century Clearances, landlords drove out most of the crofters to breed sheep; and these, along with red deer which the landlords also encouraged, created the bare, open landscape of today.

"It's a devastated wilderness which we would like to breathe new life into, to bring people back into the glen," Cramond says. He thinks a balance can be reached with conservation interests provided they do not put their case too stridently: "The conservation lobby has made a great mistake and lined itself up with people who come from outside the Highlands – the white settlers, the holiday cottagers and people who visit for only a week or two a year."

Some areas of the Highlands should be left as wilderness, he says, "but I would hope that this is very few areas." As for Jamieson's vision of the Highlands mainly as a place for tourists: "We'd be delighted if more people came here all the year round, but the fact is that the climate gives us just a five-month season."

The Clearances in the Highlands provoked revolt in the 1880s. Gladstone's Government responded by passing the 1886 Crofting Tenancy Act which enshrined in law the rights of those still there to farm and graze their animals over 2m acres virtually without risk of being dispossessed, provided they pay a tiny rent. There are still 15,000 crofts, mainly on the western and northern fringe of the Highlands and in the Outer Isles; and, after many years of decline, better things may at last be on the way for them. Jim Hunter, who runs the two-year-old Crofters Union, says they are the sort of small, highly-diversified farmers – not obviously swelling the EC grain mountain – who provide a model for the country-dweller of the future.

Hunter, who is not himself a crofter but a journalist, argues that the relationship between the Highlands and the rest of the UK has in recent centuries had "neo-colonial tendencies": vast, empty sporting estates often owned by Englishmen; large-scale forestry which, until this year's Budget, was a tax break for the southern rich; and salmon farming, run mainly by large companies – although the HIDB has helped crofters go into fish-farming in the Western Isles, and the union is seeking a change in the law so that crofters can plant trees.

Hunter says the crofters now see a new category being added to the list of neo-colonialists – conservationists from the south. He calls them "bright young scientists not experienced in the ways of the countryside, not trained in human relations or *au fait* with the traditions of the local people. It causes definite aggravation when people from the south of England,

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The Long View

Still bound by the shackles of history

The Scots have fought long and hard to break free from the legacy of the nineteenth century and much still remains to be done. But, as Barry Riley reports, there is room for optimism

SOMETIMES history can be a burden. The once-proud legacy of the nineteenth century still dominates much of the economic life of Scotland. It is so much easier to develop a greenfield site and train raw, young labour than to get to grips with industrial dereliction and an ageing workforce with yesterday's skills. The future is plain enough: but how can Scotland get there from here?

Fortunately the worst part of the journey has already been travelled. Between 1974 and 1985 a third of Scottish manufacturing jobs disappeared – some 240,000 in all. Scotland was disproportionately represented in old, heavy industries such as coal mining, steel and shipbuilding. They were right in the firing line as technological change accelerated and global competition intensified.

Even in the comparatively successful financial services industry, where Scotland has continued to make a strong showing and there are over 100,000 jobs, the country has tended to be rooted in the distant past. It has been strong in nineteenth century institutions such as life assurance companies – many of which were founded around 1820 – and investment trusts, which were invented in 1873 by a bright Dundee financial entrepreneur called Robert Fleming.

But Scots have by and large been surprisingly slow to move into the more modern sectors where the recent growth rate has been high. Indigenous building societies are few in Scotland, for example, and the investment community has been extremely reluctant to move into growth areas such as unit trusts or the management of corporate pension schemes, while the glamorous business of electronic market-making has more or less passed Scotland by.

This can be frustrating for the young. The great danger for a territory such as Scotland is that its more ambitious and enterprising inhabitants will give up the local struggle with the past and simply move to where the future lies. It is, after all, only an hour's flight from London on the Shuttle. The population of 5m is slowly declining, although Scotland is not so impoverished as you might think: consumer spending per capita has been running at around 97 per cent of that in the UK as a whole.

In one sense the geographical position on the outer edges of the European Community is of no help. The pull towards the centre is strong and has contributed heavily towards the tipping of the balance of economic power in the UK in favour of the south east. If only the Channel Tunnel could have had its northern exit in Dundee instead of Kent, where the natives are distinctly unfriendly.

At the same time, however, Scotland has had considerable success in attracting foreign investment, mainly from countries such as the US and Japan which are keen to manufacture inside the Community's borders. There are now, for example, some 45,000 jobs in the electronics industry.

However, such externalised enterprise carries great risks. Plants may be closed suddenly because of a crisis at some faraway head office, as happened with the Caterpillar plant last year. Japanese "screwdriver" factories may create only low-paid female assembly line jobs, and offer few knock-on benefits to the local manufacturing and service economy.

North Sea oil and gas has presented the bonus of an opportunity to create an entirely new indigenous industry, drawing upon the available heavy engineering skills, which were in surplus supply. However, commodity-based industries are inevitably erratic in their performance, and with North Sea output declining, the challenge now is to create an export industry based upon the $70bn a year global market in offshore development (of which $20bn might reasonably be accessible to Scottish companies).

In such circumstances there are, however, serious question marks over the degree of native enterprise left in Scotland. Over the centuries Scottish talent has been exported all around the world, and the gaps must show back home. There is something instructive about the immensely powerful role played by the Scottish Development Agency. It has been extremely successful, demonstrated by the way in which it has been able to prosper politically in a hostile Thatcherite environment. But should a healthy economy need such a driving force, even if the SDA emphasises the catalytic nature of its role in partnership with the private sector?

The challenge is to foster business leadership on the fringes of Europe. Nothing rouses the Scottish business community to greater passion than a threat to the control of a major Scottish company. Yet in the past couple of years the Distillers Company has been taken over by Guinness, Coats Patons by Vantona Viyella and Britoil by BP (though in that case a deal was struck to retain BP's North Sea technology headquarters in Glasgow).

The departure of head offices creates an immediate threat to the infrastructure of financial and corporate services, and may also mean that purchasing departments will withdraw business from the Scottish economy. More fundamentally, the nature of Scotland as a branch economy is increasingly confirmed.

All is not gloom, however. While old industrial giants may be taken over (and few even in Scotland had a good word to say for DCL) there are signs of the emergence of a new generation of younger companies in growth industries. North of the border, *perestroika* is in progress.

Nationalist pressures have subsided somewhat. Whatever the faults of the English, Scots on their own would have a very hard time. An independent Scotland *might* be like Sweden, but more likely it would be another Ireland. All the same, being part of a larger economy does have its disadvantages, as was shown by the affair of the Ford electronics plant in Dundee. A national labour agreement made it impossible for Scotland to compete for a new plant which will now go elsewhere. Fortunately, few multinationals have UK union agreements like Ford's.

At present there is a degree of economic optimism within Scotland. The electronics industry has performed one of its turnrounds from slump to boom, the North Sea exploration industry has survived its 1986-87 crisis and the financial services industry has been growing fast, only slightly dented by last October's crash.

If only the Victorian Age were not such a hard act to follow.

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Sigh of relief greets March trade figures

TAKEOVER speculation is fervid fun – who will be first to spot the next candidate? – but it *should not be mistaken for a* beathily energetic equity market. Only the liveliest bout of bid talk for many months gave any fizz to shares this week.

At least there was nothing worse, though. UK trade figures for March, a current account deficit of £254m and visible trade def*icit of £854m, were at the optimis*tic end of forecasts and gave a shares a little fillip on Friday morning. Most of that reaction, however, was a sigh of relief, and shares soon slipped back again as if nothing had happened.

On Thursday, the currency markets had already discounted a *£900m current account deficit*, larger even than the disappointing figures for January and February. It was not surprising, therefore, that sterling also got a boost on Friday despite the movement towards higher West German *interest rates this week.*

In any case, the March figures should drive away bearish fears of a £9bn current account deficit for 1987, says Ian Harwood of Warburg Securities, which is sticking with its £5.5bn forecast.

Before the trade figures, the FT-SE 100 had added more than *30 points on the week. Most of* this advance came on Tuesday, when the index added 23.2 points after Swiss foods giant Nestlé swooped with a £2.1bn takeover bid for Rowntree. The York-based chocolate group was already on its guard after Jacobs Suchard's dawn raid a fortnight previously.

Nestlé's 890p offer not only drove Rowntree's price to new highs – by Friday it was double the level at the beginning of April – but also alerted the mar*ket to the attractions of interna*tional brands. As the talking point for the week, at least it made a change from 1992. Suchard, secretive even by Swiss standards, raised its stake in Rowntree to 20 per cent.

Not yet as beleaguered as its chocolate rival, but just as much *in doubt about its future*, was Cadbury-Schweppes. General Cinema, the US cinema operator and soft drinks bottler, increased the value of its 17.7 per cent stake in Cadbury with a Securities and

London

Exchange Commission filing which said so much that it revealed very little.

General Cinema signalled that it should no longer be considered a passive *investor in Cadbury* and outlined options ranging from seeking full control to selling out altogether. Up, up, up went Cadbury's shares, which was not in the US group's interest if it was planning a takeover bid, but conveniently added £24m to the value of its holding.

*With all this takeover specula*tion going on – Courtaulds and *Consolidated Gold Fields* were two of several names which went in and came out of the frame – Racal decided to place a call to the market before its own cellular telephone rang with unwelcome greetings from London or Munich.

In announcing a summer flotation of its telecommunications division, *centred on the Voda*phone mobile telephone business, Racal moved to pre-empt any takeover ambitions harboured by companies such as Cable & Wireless and Siemens. It intends to keep a controlling stake, perhaps as high as 70 per cent.

As estimates of flotation value ranged wildly between £1bn and £3bn, Racal shares added another 72p *to close at 319p on Thursday*. It remains to be seen whether the market has been carried away with enthusiasm for a product with which contemporary City gents – in popular image, anyway – are all too familiar.

The oil sector also woke up on Monday when RTZ sold its oil and gas subsidiary to Elf Aquitaine for £308m. This was taken as a signal that RTZ's 29 per cent holding in London & Scottish Marine Oil was up for grabs, and others in the dwindling band of UK independents rose in sympathy with *Lasmo*.

The market's torpor in the absence of takeover interest was illustrated on Monday when the volume of 322.5m shares was just a little over two-thirds of average daily trading a year ago. In part, this was a result of the long forward shadow cast by the trade figures *and, to a lesser extent*, anticipation of the Confederation *of British Industry's quarterly* trends survey on Tuesday.

The CBI found manufacturers bullish on output and exports, a trend not yet visible in the first-quarter trade figures, but one which most analysts expect to see in the second. *For those who* look more concerned with US trade figures, Bob Semple of *County NatWest Wood Mac finds* hope in that, alone of Britain's leading trading partners, the US was exporting more and importing less in March.

Whatever shows up in the next US trade figures, no one should assume *that London will follow* where Wall Street leads. Warburg *Securities says the correlation* between the two markets has all but completely broken down since the recovery in equities began last November. This contention seemed to be tested on Friday when London screens turned red *just after Wall Street* opened lower.

In part, this reflects the greater volatility in New York, where falls *and rises are still amplified* by London standards despite the limits on programme trading. It is still unlikely, however, that London could resist a major fall on Wall Street based on something more substantive than kneejerk reactions to a single set of statistics.

Meanwhile, with the last batch of full-year results for calendar 1987 now straggling through, equities are no longer getting much of a lead from this source.

One of the few large groups to report this week, British & Commonwealth Holdings, used its 1987 figures to pose an accounting question: how should service companies account for the goodwill created by acquisition? It dis*covered that the market did not* think much of its own answer.

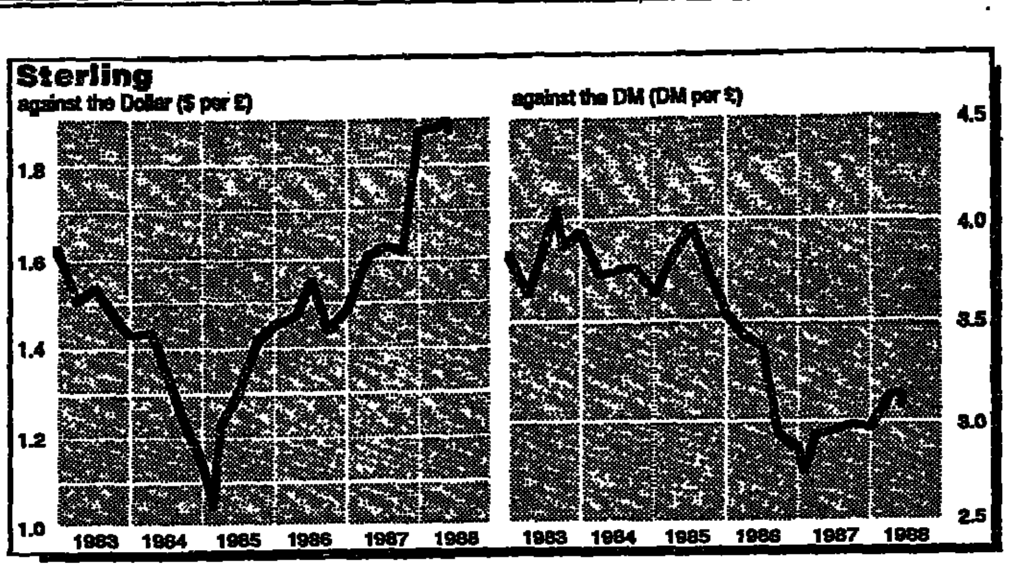
Unlike most UK companies, B&C has begun to charge a proportion of goodwill against pre-tax profits. Amortisation cost B&C's pre-tax line £14.6m in 1987, *and is likely to reach at least* £29m this year because none of the goodwill from second-half acquisitions, like Mercantile House Holdings, was charged against 1987, and former associate Abaco Investments has already been taken over this year.

Already one of the poorest-performing FT-SE 100 shares since the crash, B&C lost another 5 per cent of its market value despite operating results in line with expectations. If this seems a large price to pay to make a point in the accounting debate over goodwill, it is still not clear why B&C chose to rock the boat when it was not yet obviously necessary.

On the wider front, gilts moved sideways *apart from a flurry of* interest in index-linked stocks. *On UK interest rates, it appears* not to be a question of whether they will move up but when, and under what circumstances: provoked from abroad by currency turmoil or brought in to choke off the sort of inflation that barely figures in the retail price index – house prices fuelled by *ever more aggressive and ever* more numerous mortgage-lenders.

Whichever way the rise comes, the short-term outlook for gilts cannot provide any encourage*ment for a listlessly drifting* equity market. There might be no shortage of action for the arbitra*geurs but it would be a brave* forecaster who staked his or her reputation on the premise that this year will provide decisive refutation of old saws about May.

Clay Harris



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988 High	1988 Low	
FT Ord. Index	1443.9	+32.3	1478.7	1349.0	Widespread bid speculation.
Atkins Bros.	280	+41	280	212	Vague takeover speculation.
Cadbury Schweppes	355½	+76½	379	231	General Cinema SEC filing.
Courtaulds	386	+34	395	289	Stake-building rumours persist.
LASMO	404	+49	410	271	RTZ 29.9% stake up for sale.
Lorlin Elec.	219	+84	219	123	Agreed bid from F. Cooper.
Molynx	92	+19	97	70	Sharply increased profits.
Northern Foods	304	+52	304	243	Takeover speculation.
Racal Elec.	317	+79	322	202	Vodafone float off/bid speculation.
Reckitt & Colman	881	+49	884	770	Consumer brand excitement.
Rowntree	920	+204	934	411	Nestle bid.
SPP	156xd	+48½	156	100	Bid from Braithwaite.
Shiloh	251	-32	298	251	Disappointing results.
Ultramar	311½	+41½	311½	173	Revived takeover speculation.
United Biscuits	287	+22	354	248	Consumer brand excitement.

In search of a delicate balance

THE JURY could be out for some time yet. At question is the extent to which the Third Market is an effective alternative to the less formal over-the-counter market in allowing small or new companies to raise money cheaply.

Sir Gordon Borrie, director-general of the Office of Fair Trading, raised the question last week in an OFT report on the International Stock Exchange sent to Lord Young, the Trade and Industry Secretary.

"There is a delicate balance to be achieved between investor protection and *flexibility in rais*ing capital," he said. "I am not *convinced that the right balance* has been achieved."

The issue is particularly pertinent because of the investor protection provisions that came into force on Friday. The changes under the new Financial Services Act could reduce greatly the size of the over-the-counter market *because dealers in shares will* have to be authorised and a number *of market-makers may fail to* obtain authorisation.

In theory, companies at present on the OTC could move on to the Third Market. However, the reality might be somewhat different if the first 13 months of the Stock Exchange's newest tier are anything to go on.

The Third Market was launched amid high hopes in January last year. The idea was to establish a new trading forum that would combine the flexibility of the OTC market with the respectability of a regulated exchange.

The OTC market had grown dramatically in the 1980s but suffered from a series of corporate collapses and criticisms of the "cold calling" marketing methods used by some security houses.

Commentators at the time of the launch were bullish. There were predictions that 20 companies would trade on the first day, with about 120 joining by the end of the year. In the event, just eight companies traded on day one and 37 had joined by the time of the first anniversary. The grand total now is 40 companies with a total market capitalisation of £325.2m.

Junior Markets

To join the Third Market, entrants had to produce just one year of audited accounts. There was no minimum requirement for the amount of equity that needed *to be in public hands.*

Admission was on the basis of sponsorship by a fully-listed member of the Stock Exchange and responsibility for vetting the Third Market companies was placed firmly on the sponsoring brokers - one factor that seems to have limited the growth of the market.

"A disadvantage of the Third Market is *that companies seeking* a quotation can do so with a limited track record," says Jim Fisher, a fund manager with Scottish Amicable. "It takes only one company to run into a problem and it will reflect badly on the market and the broker. I feel brokers are right to be conservative about agreeing to sponsor a company. Their names and reputations are on the line."

According to Fisher, it is still too early to say if the Third Market will prove an adequate alternative to the OTC for some of the 150-odd companies with shares being traded on the OTC at the *moment. But it would, he added,* if it followed the pattern of the Unlisted Securities Market and gave venture capitalists an opportunity to recoup their money. (About one quarter of companies joining the USM in its early years were brought by venture capitalists.)

The issue really at the heart of the Third Market is liquidity. *While dealing in some stocks was* not bad pre-crash - official Stock Exchange figures put the total number of equity bargains in September at 2,939, worth £12.1m - many Third Market investors got a very nasty shock in October when faced with a total lack of liquidity. The number of bargains recorded *in November was 1,458*, worth £4.4m, and this fell to a low in December of 868, worth £2.9m.

This has improved gradually – the March figures were 1,711 bargains worth £5.9m – but the worry remains that a lot of the prices being quoted for shares have simply never been tested because of the lack of volume.

Ted Awty of Peat Marwick McLintock, the accountancy firm, is optimistic that the Third Market will pick up. There would be OTC companies looking for a home and Business Expansion Scheme companies passing the *five-year barrier which prohibits* them selling their shares without *losing tax relief.*

He feels that the balance *between investor protection* and flexibility in raising capital is about right. *"For the right sort of* company, the Third Market is better than the OTC." Awty thinks the the right sort is a relatively young company (two to four years old) which has a good management team and intends to *use its quote to help it grow*, particularly through acquisition.

He predicts the Third Market will remain small but that appli*cations will increase*, and says: "I could see it doubling in size this year."

Fiona Thompson

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK°							
Deposit account	2.00	2.02	1.66	monthly	1		0-7
High interest cheque	4.20	4.28	3.52	monthly	1	1,000-4,999	0
High interest cheque	4.60	4.70	3.86	monthly	1	5,000-9,999	0
High interest cheque	5.00	5.12	4.21	monthly	1	10,000-49,999	0
High interest cheque	5.50	5.64	4.64	monthly	1	50,000 minimum	0
BUILDING SOCIETY†							
Ordinary share	4.00	4.04	3.23	half-yearly	1	1-250,000	0
High interest access	5.75	5.75	4.60	yearly	1	500 minimum	0
High interest access	6.00	6.00	4.80	yearly	1	2,000 minimum	0
High interest access	6.50	6.50	5.20	yearly	1	5,000 minimum	0
High interest access	6.75	6.75	5.40	yearly	1	10,000 minimum	0
90-day	6.75	6.86	5.49	half yearly	1	500-9,999	90
90-day	7.00	7.12	5.70	half yearly	1	10,000-24,999	90
90-day	7.25	7.38	5.90	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS							
Investment account	8.50	6.38	5.10	yearly	2	5-100,000	30
Income bonds	9.00	7.04	5.63	monthly	2	2,000-100,000	90
Deposit bond	9.00	6.75	5.40	yearly	2	100-100,000	90
33rd issue♦	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNTS							
Schroder Wagg	5.08	5.19	4.16	monthly	1	2,500 minimum	0
Provincial Trust	6.33	6.52	5.21	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§							
5pc Treasury 1986-89	7.39	6.12	5.35	half yearly	4	-	0
8pc Treasury 1992	9.11	7.06	5.83	half yearly	4	-	0
10.25pc Exchequer 1995	9.47	6.97	5.47	half yearly	4	-	0
3pc Treasury 1990	6.74	5.96	5.47	half yearly	4	-	0
3pc Treasury 1992	7.21	6.39	5.89	half yearly	4	-	0
Index-linked 2pc1992§§	7.24	6.73	6.43	half yearly	2/4	-	0

°Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000. ♦ Special facility for extra £5,000 §Source: Phillips and Drew. §§Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Wellcome profit to get lift from anti-Aids drug

AIDS and **WELLCOME** are inextricably entwined in the mind of *the average investor although* sales of Retrovir – the only commercially available anti-AIDS drug – account for only a small part of the UK-based company's turnover. The drug is likely to make its first contribution to profits in the half year to the end of February, figures for which will be released next Thursday.

Retrovir is likely to contribute some £7m to anticipated pre-tax profits of between £94m and £98m. Following warnings from the chairman, Alfred Sheppard, analysts are alert to the likely impact of adverse currency move*ments, and their figures are* arrived-at after deducting as much as *£20m for the effect of* the declining dollar.

Results Due

Having weathered a period of relatively difficult trading conditions, **TRAFALGAR HOUSE**, the shipping, construction and property group, should reveal a broadly-based improvement in profits when it reports interim results on Wednesday.

Pre-tax profits are expected to be about £85m compared with £54m for the same period last year, a result which was depressed by a lack of investment *profits and any contribution from* the QE2 while the vessel was out of service for a refit.

The return of the QE2 should help the passenger shipping business to move well ahead, *although the weakness of the dol*lar might have taken off some of the shine.

Property and investment *should also show a substantial* improvement, with a strong performance from housebuilding and with three-month contribution from Chase Property, bought for £198m *last December*. Sir Nigel Broackes, chairman, might also comment on Wednesday on the progress of Trafalgar's bid for the third Bosporus bridge contract.

A creditable first half from **ROYAL BANK OF SCOTLAND'S** *domestic banking arm should* boost interim pre-tax profits to between £130m and £145m for the six months to March 31. The bank made £114m in the equivalent period last year; but this included property gains of some £16m, which are unlikely to be repeated in the figures to be announced on Wednesday.

A pension fund holiday will provide part of the improvement – some analysts believe it could *account for as much as half the* growth in profits. A falling bad debt charge for corporate lending, and reduced provisions against loans to less developed countries, should also benefit the bank.

This is likely to offset a downturn at the merchant banking operation, Charterhouse, which might have struggled as a result of the October stock market crash. If all goes well, the Direct *Line Insurance* operation should begin to trade profitably this year *and could have broken even in* the first half.

JEFFERSON SMURFIT, the Dublin-based packaging and print group, *full-year results from* which are due on Tuesday, took *the unusual step in January of* removing City doubts about its profit performance.

Together with a second set of *interim results for the nine* months to October, the group confidently forecast pre-tax profits of I£150m for the year to January 31, up 150 per cent from I£60m. This includes a contribution from Container Corporation, the US paperboard producer which it acquired for $1.2bn in September 1986.

Some analysts saw the group's forecast as an attempt to bolster its rating; since October, its share price has been further mauled by fears over the dollar's fall and the uncertain *US* economy. *More* than 80 per cent of Jefferson Smurfit's business is now in the US.

However, City analysts say forecasts are made to be beaten and expect a profit *of* I£155 to I£160m at the pre-tax level.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Boot Henry	Thursday	3.0	7.0	5.0
Caparo Industries	Thursday	0.7	0.9	0.7
CCA Galleries	Wednesday	0.6	1.9	0.9
Comprehensive Financial	Wednesday	0.5	2.2	1.3
Conrad Holdings	Tuesday	1.0	1.5	1.0
Delyn Packaging	Tuesday	2.0	1.0	0.4
Forward Group	Tuesday	-	-	0.5
Glamar Group	Tuesday	-	-	-
Guidehouse Group	Tuesday	-	-	-
Highcroft Investment Trust	Thursday	1.0	1.4	1.1
Hopkinsons Holdings	Thursday	1.8	4.8	1.0
London Finance & Investment	Tuesday	-	1.1	-
London United Investment	Tuesday	2.6	5.4	3.0
Mezzanine Capital & Income	Thursday	-	-	-
MH Research	Thursday	-	-	1.1
Moss Bros	Tuesday	1.8	4.5	2.3
SAC International	Tuesday			
Select Appointments	Thursday	-	-	1.0
Smurfit Jefferson Group	Tuesday	1.1	2.5	1.2
TDS Circuits	Wednesday	-	-	-
Time Products	Thursday	0.7	2.2	1.7
Usher Walker	Tuesday	2.4	5.5	2.7
INTERIM DIVIDENDS				
Circaprint	Tuesday	-	1.9	-
Cronite Group	Wednesday	-	-	-
Fundinvest	Tuesday	3.4	5.2	-
Keystone Investment Co	Tuesday	2.0	4.0	-
MMT Computing	Tuesday	0.4	0.8	-
Royal Bank of Scotland	Wednesday	4.6	8.1	-
Trafalgar House	Tuesday	6.5	8.0	-
Wellcome	Thursday	0.8	2.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Britoil‡	500*	515	294	2.52bn.	BP
County Props.	205*§	199	142	20.83	Broadlands Props
Crowther (J.)	174	178	174	207.2	Coloroll
Dobilier	206	199	176	94.79	Peek
Est. Prop. Inv.	260*	273	230	63.04	Peachey Prop.
Est. Prop. Inv.	270*	273	265	65.47	Gilvate
Framlington Group	200§‡‡	199	170	70.00	Throgmorton Tst.
Glass Glover	240*	240	240	35.47	Drytale
Guthrie Corp.	292	277	258	221.0	BBA
Henderson Group‡	375*	371	341	84.19	Hepworth C'mic
Kennedy Brookes‡	410*	412	391	173.55	Trusthouse Forte
Lorlin Elec.	240	219	162‡	15.1	F. Cooper
Marcol‡	146	140	85	20.89	Cray Electn.
Moorgate Merc.‡	127§	131	138	32.99	Westchester Ins
Morceau Hldgs.	64*	61	53	6.57	Tarmac
Preedy (A.)	241	235	152	21.98	Next
Prontaprint	139§§	132	103	10.16	Cont.Stationery
Rowntree	890*	913	752	2.1bn.	Nestle
SPP	159	156	123	30.48	Braithwaite
Sekers Intl.	166	168	140	16.21	Stoddard
Signex	44	43	48	3.71	Apricot Comp.
Stanley(A.G.)	281	298	228	103.0	Ward White
Windsmoor	128	125	107	28.21	Wm. Baird

*All cash offer. ††Cash alternative. ‡Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 29/4/88. ‡‡ Nominal of conv. Loan stock. †At suspension. §§Shares and cash. ♦Related to NAV to be determined. ▼Loan stock.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Albany Invest	Feb	339	(308)	2.4	(2.1)	2.2	(2.0)
Ambrit Int'l	Dec	428 L	(1,400 L)	-	(-)	-	(-)
Apricot Computer	March	8,200	(4,000)	9.5	(5.0)	2.0	(-)
Atlantic Res	Dec	591 L	(3,179 L)	-	(-)	-	(-)
BDA Holdings	Jan	1,080	(971)	8.4	(9.2)	2.5	(-)
Beattie James	Jan	7,240	(6,580)	10.2	(9.3)	4.0	(3.5)
BOM Holdings	Jan	225	(1,040 L)	0.2	(-)	-	(-)
British & Comm	Dec	130,900	(51,500)	22.5	(14.8)	8.0	(6.0)
CI Group	Jan	3,010	(1,500)	4.1	(2.2)	1.4	(1.0)
Clarkson H	Dec	3,460	(2,710)	10.1	(8.4)	5.2	(4.7)
Cluff Oil	Dec	2,140 L	(-)	-	(-)	-	(-)
Davies & Newman	Dec	9,600	(6,690)	99.2	(62.8)	15.0	(13.0)
Dencora	Dec	4,060	(1,820)	15.2	(8.1)	-	(-)
Downiebrae	Dec	143	(88)	1.2	(0.8)	-	(-)
Eastern Produce	Dec	7,260	(8,712)	25.1	(39.4)	10.0	(10.0)
Ellis & Goldie	Jan	2,600	(3,700)	5.9	(8.1)	2.6	(2.6)
Elswick	Jan	1,620	(697 L)	1.4	(-)	0.3	(-)
Farnell Electron	Jan	25,700	(23,400)	13.1	(11.9)	3.5	(2.8)
Feedex	Dec	3,160	(2,660)	-	(-)	1.5	(1.5)
Foseco Minsep	Dec	35,200	(26,400)	21.5	(14.2)	10.6	(9.2)
FR Group	Dec	22,100	(16,742)	19.4	(17.7)	4.6	(3.8)
Gee Cecil	Jan	357	(1,700 L)	4.0	(-)	1.2	(1.0)
Grand Cent Inv	Dec	1,430	(479)	4.7	(1.9)	0.8	(0.5)
Groome Martin R	Dec	2,120	(1,500)	14.5	(11.9)	4.4	(4.0)
Hawtal Whiting	Dec	1,500 L	(4,300)	-	(38.2)	4.0	(8.0)
Holt Joseph	Dec	3,420	(3,290)	69.6	(74.0)	20.0	(18.0)
How Group	Dec	4,450	(3,340)	6.7	(5.3)	1.5	(-)
Huntleigh Tech	Dec	107	(301)	0.5	(2.0)	-	(1.0)
Jones Group	Dec	3,707	(3,214)	35.1	(19.6)	9.5	(8.5)
Lanca	Dec	1,000	(610)	5.6	(3.0)	1.1	(0.55)
Leeds	Dec	170	(60)	5.5	(1.7)	-	(1.3)
London America	March	581	(1,360)	0.7	(1.1)	0.4	(0.7)
Micro Focus	Jan	1,560	(300)	9.9	(-)	-	(-)
Neill James	Dec	7,610	(4,520)	22.1	(13.0)	8.0	(7.3)
Nurdin & Peacock	Jan	17,810	(17,650)	12.4	(11.8)	4.3	(3.9)
Plastic Con	Dec	695	(333)	7.6	(4.4)	2.8	(2.8)
Plumb Hldgs	Jan	2,870	(1,450)	14.6	(7.3)	4.2	(3.0)
Ratners	Jan	50,400	(22,500)	21.7	(15.2)	5.0	(4.0)
RKF Group	Dec	858	(509)	5.3	(7.0)	2.2	(-)
Scott & Robert	Dec	1,620	(1,680)	15.9	(15.6)	-	(-)
Sec Tst of Scot	March	6,060	(5,060)	3.7	(3.1)	3.6	(3.0)
Shiloh	March	1,370	(1,350)	-	(-)	4.5	(4.0)
Slingsby HC	Dec	359	(224)	22.9	(14.2)	5.0	(4.0)
Smaller Comps	March	1,990	(1,130)	1.48	(1.5)	1.5	(1.5)
Smallshaw R	Dec	440	(414)	11.5	(10.8)	3.0	(2.7)
S&U Stores	Jan	1,740	(1,240)	10.2	(6.2)	4.0	(2.5)
Tarmac	Dec	265,400	(170,500)	23.5	(17.8)	7.2	(5.5)
TR Natural Res	Dec ♣	165	(4,310)	-	(2.4)	1.5	(1.5)
Triefus	Dec	1,420	(1,280)	7.2	(5.7)	3.0	(1.0)
Try Group	Dec	2,000	(1,300)	-	(-)	-	(-)
United Friendly	Dec	10,800	(11,200)	45.2	(45.0)	25.0	(21.0)
Utd Guarantee	Dec	152	(147 L)	-	(-)	-	(-)
Upton & Sons	Jan	543	(150 L)	6.2	(2.5)	-	(-)
Walker Greenbnk	Jan	11,100	(7,800)	8.6	(6.3)	2.2	[illegible]
Walker JO	Dec	600	(281)	47.9	(20.9)	7.0	(5.5)
Ward Group	Dec	4,300	(3,280)	12.6	(10.3)	4.3	[illegible]
Westbury	Feb	15,400	(9,100)	-	(-)	5.5	(4.7)
Windsmoor	Jan	2,900	(3,000)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied London Prop	Dec	3,470	(1,770)	0.9	(0.2)
Bellway	Jan	3,310	(2,190)	3.0	(3.0)
British Empire	March	176 L	(824)	0.2	(0.2)
Camotech	Feb	538	(132)	1.0	(0.7)
Casket	Dec	3,030	(2,400)	1.2	(1.0)
Clydesdale Invest	March	6 L	(220)	0.5	(-)
Cosalt	Feb	1,300	(563)	2.5	(1.5)
Daks Simpson	Jan	2,330	(1,860)	3.0	(2.2)
Drayton Consolidated	March	2,241	(2,351)	3.3	(3.0)
Equity & Law Int Fnd	Dec	71	(52)	-	(-)
Fenner JH	Feb	4,510	(3,000)	3.0	(2.5)
Five Oaks Invest	Dec	809	(553)	-	(-)
Gleeson MJ	Dec	3,400	(2,900)	2.1	(1.9)
Hatfield Estates	Feb	253	(-)	-	(-)
Hawthorn Leslie	Feb	1,680	(1,050)	0.2	(-)
ICI	Mar©	358,000	(334,580)	-	(-)
Jessups	Feb	1,020	(644)	2.9	(1.7)
Klark Teknik	Jan	393	(552)	0.5	(-)
Lyles S	Dec	420	(266)	1.5	(1.4)
Nat Home Loans	March	8,200	(4,061)	3.3	(2.4)
Norex	Dec	300 L	(732)	-	(-)
Prestwick	Jan	309	(522 L)	-	(-)
Rosehaugh	Dec	9,820	(6,020)	-	(-)
Scott Metro Prop	Feb	3,800	(3,720)	2.0	(1.9)
Scottish Nat Tst	March	7,213	(2,485)	-	(-)
Ulster TV	Jan	1,220	(1,040)	2.0	(1.7)
Video Tape Record	Feb	447	(360)	0.8	(-)
Tate & Lyle	March	43,800	(40,200)	10.0	(9.0)
UK Land	March	6,990	(334)	-	(-)

(Figures in parentheses are for the corresponding period.)

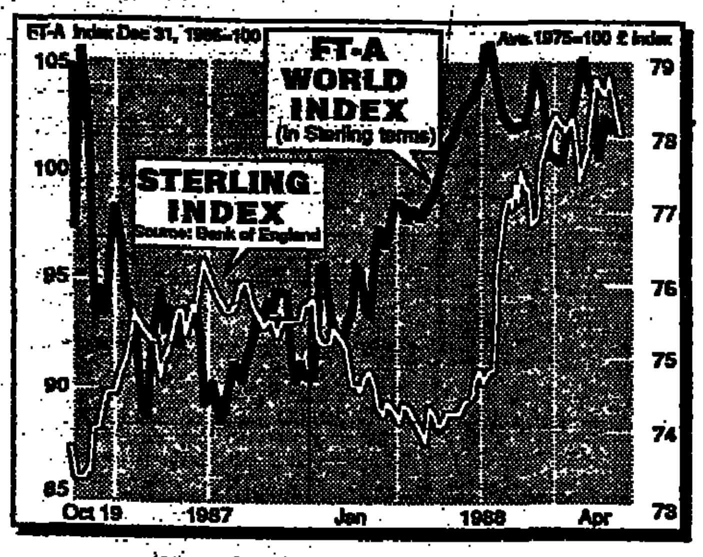
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ♣ this years figs for 9 months. © first quarter figs.

RIGHTS ISSUES

Alphameric are to raise £9m via a one-for-four rights issue at 247p.
Beckenham Group are to raise £4m via rights issue.
Ewart are to raise £5.75m via a rights issue on a one-for-one basis at 125p
Slough Estates are to raise £150m via a rights issue of convertible bonds
Westbury are to raise £29.6m via a two-for-five rights issue at 215p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

ASB Barnett Kinnings are to join the Third Market via placing of 575,000 shares at 60p.
ASW Holdings are to go ahead with a full flotation,either next month or in June.
Butte Mining are to issue 40m new shares at 125p each, worth a total of £50m.
Fairey Group are set to join the stock market within the next 12 months.
Kitty Little are to join the USM via a placing of 1.95m shares at 90p.
Masterlin Group are to raise £2.25m via the issue of 2.25m cumulative preference shares.
Peasant Group are to join the Third Market via an introduction.
Porvair are to join the USM via a placing of 4.66m shares at 78p.
Roskel are to join the USM via a placing of 3.3m shares at 121p.
Serco Group are to join the stock market via a placing of 3.15m shares at 230p.
Siam Fund has joined the stock market via a placing of 4m new participating redeemable preference shares at $13.75 each.
Victaulic are to join the main market via a placing of 4.4m shares at 235p.



A birthday for all to celebrate

Tokyo

AS JAPAN WAS celebrating the Emperor's birthday yesterday, investors in the Tokyo stock market had equal cause for feeling in a particularly festive mood.

Since the first of the year the Nikkei stock index has jumped by nearly 30 per cent, with the gains spread out right across the board. Indeed, investors in the TSE this year would have had to work hard to lose money as nearly every sector has moved in a positive direction.

As a result, the Nikkei index is once again setting all-time record highs on a daily basis. It closed at 27,434 on Thursday before yesterday's holiday, with strong trading volumes and no palpable sense of nervousness among brokers or investors.

Indeed, with foreigners now back into Tokyo as net buyers, only the Bank of Japan is left to repeat its refrain of urging investors to exercise "due caution" in stock market activities.

While investors continue to enjoy the merry-go-round, made all the more delightful by the continued lack of excitement in other major bourses, the authorities in Tokyo are starting to become slightly more concerned. Given their basic conservatism, the gentlemen of the Bank of Japan and the Ministry of Finance would be happier if the TSE cooled off for a while.

Investors in the TSE this year would have had to work very hard to lose money as nearly every sector has moved in a positive direction

However, the way things work, it is easier for officialdom to improve investment sentiment – as it did earlier this year by re-jigging some requirements for institutional investors – than it is to cool things down.

If, for example, the central bank were to allow interest rates to drift up, it could cut off the flow of funds to the US dollar and push up the yen even further. At the moment, instability in the currency markets is the last thing the Japanese want. If interest rates went up in the United States, this would give Japan a bit more flexibility, but this seems unlikely given the worries about inflation in the US.

In the meantime, the factors which continue to contribute to Tokyo's growth are still blossoming, despite the passing of the cherry blossoms last week. The economy is still roaring ahead, with Japan's official 3.8 per cent GNP growth forecast for this fiscal year roundly pooh-poohed by independent forecasters. Most are looking for more than 4 per cent growth, some as much as 5 per cent.

Not only does this growth imply continued amounts of surplus cash for investment in the Tokyo stock market, it also implies that yen investments will become increasingly attractive to outside investors. The IMF, for example, expects average growth for the G7 countries to be 3 per cent for the next two years, with the US and West Germany underperforming that figure.

Barring some major disaster, then, Japan's super-currency could become something of a reserve currency, especially for growing Asian economies. Singapore has already started pumping money into yen, primarily in the stock market. The relative illiquidity of Japan's government bonds (other than benchmark issues) means that this kind of inflow to yen will benefit the TSE, rather than bonds, at least until the Bank of Japan starts issuing more short-term paper.

At home, the best-established fundamental, weight of money, continues to reign supreme. Corporate profits are still rising, Japan's money supply figures are still growing, and interest rates are still at record lows. Further, recent regulations aimed at curbing land speculation have meant that more of these wheeler-dealers have been focusing on the TSE for their fun.

Brokers now estimate that between 120 to 150 rising stocks on the TSE are being chased by speculators and individuals who have reaped small fortunes on the rise in property prices over the past few years.

* * *

Emperors don't live forever, though, and neither can excess liquidity remain a permanent factor in Japan. According to Goldman Sachs in Tokyo, the difference between money supply growth and nominal GNP growth has jumped from 0.6 per cent in 1984 to 5.6 per cent last year and 6 per cent this year. Next year, it predicts the figure to reach 6.1 per cent.

As a result, Japanese and foreign stock brokers alike remain confident of continued excess liquidity and Tokyo's prospects for at least the next year. The last two periods of low liquidity in Japan were the 1974 and 1979 oil shock periods.

At the moment, oil prices do not look like causing Japan so much trouble given its strong currency and situation in the oil markets. When and if low liquidity will strike again remains an open question.

Some brokers, then, are toasting the Emperor with a prediction that the Nikkei will hit as much 32,000 by the year's end, with some dull patch or downturn in between. As usual, it is hard to find any bears in Tokyo, except for the bureaucrats who are twiddling their thumbs nervously at the Bank of Japan and the Ministry of Finance.

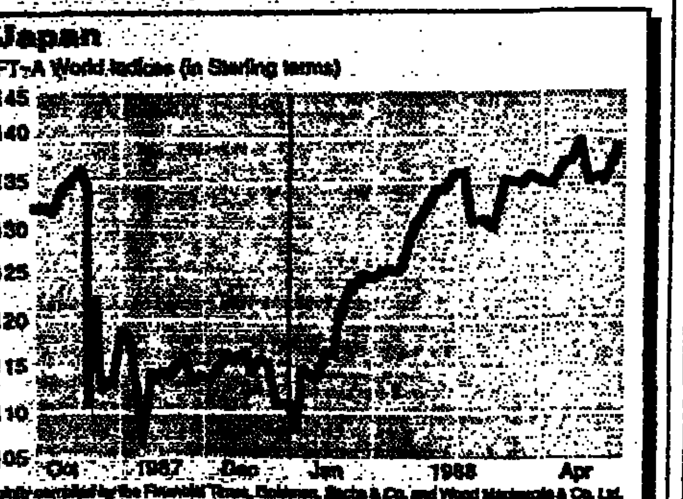
In the meantime, investors will continue to have a hard time choosing between the various buoyant sectors in Tokyo. Even Toshiba, which faces US trade sanctions in the wake of a Cocom violation, has been hitting record highs this week. The case for buying shares, put by a Japanese broker, is that nothing further can now arise to hurt Toshiba over this matter.

Two other themes of particular interest have been those companies who will benefit from liberalisation of Japan's imports of beef and oranges, and the country's continuing trend toward leisure activities.

On the beef and oranges story, brokers have been promoting warehouse, refrigeration and even shipping stocks. Leisure is a harder theme to identify as an industrial company interested in hotel development, for example, needs to hold a good deal of land or be very cash-rich.

Next week, however, investors can take a break as Japan retires for its annual Golden Week holiday. It should be a good chance for the country's central banks and finance ministry officials to get some well-needed rest.

Carla Rapoport



After the crash, a washout

Wall Street

WHEN THE financial markets are "deader than a doornail" (in the words of one exasperated trader), when volumes on Wall Street are at their lowest ebb for three years, and when economic statistics and corporate results' announcements are turning out precisely as the analysts had expected, it is perhaps a good opportunity to take stock. It is a chance to look at the dramatic past, instead of the uneventful present – and to make an overdue confession.

For the sort of people who worry about snow showers in August, the past few months have been miserably frustrating. Back in October, professional pessimists enjoyed a brief reign of glory after the years of crying in the wilderness about fiscal dishonesty, industrial decay and imminent financial meltdown.

However, for those of us who sought a truly elemental drama – an atavistic moral retribution for reckless public policy and shameless private greed - the aftermath of the great crash has proved to be a disappointing washout.

Indeed, looking back over the columns which have appeared in this space during the last year, it looks today as if the most perceptive was not the one published on October 10 last year. This argued that "the next long-term thousand point move in the Dow Jones Industrial Average will be downwards, not upwards" (as the most fashionable analysts on Wall Street were still predicting at that time). Nine days later, the Dow had fallen 800 points and the cataclysmic argument seemed to be vindicated in the most spectacular way.

FT-ACTUARIES WORLD INDICES

Country	£ Sterling % change from Dec.31st 1987	£ Sterling % change since Apr.22nd 1987
Australia	+16.51	-17.4
Austria	-8.68	-12.94
Belgium	+22.53	-7.1
Canada	+12.09	-16.28
Denmark	+4.42	-6.78
France	+4.97	-33.58
W Germany	-0.2	-28.79
Hong Kong	+15.33	-16.58
Ireland	+17.45	-10.58
Italy	-2.38	-39.04
Japan	+23.9	-2.23
Malaysia	+17.19	-23.73
Mexico	+24.1	-23.90
Netherlands	+9.59	-17.21
New Zealand	+1.56	-29.22
Norway	+30.22	-12.66
Singapore	+14.52	-22.94
S Africa	-4.64	-36.54
Spain	+14.35	+13.1
Sweden	+24.19	-10.22
Switzerland	-3.58	-28.07
UK	+5.98	-5.52
USA	+6.46	-20.74

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In retrospect, however, a much more accurate analysis appeared nearly two months earlier, the week the Dow hit its peak of 2,722.42 late in August. This article, entitled "No replay of 1929," bowdlerised the famous quote from T.S. Eliot. "Is this the way the world ends, not with a bang but a whimper?" it asked.

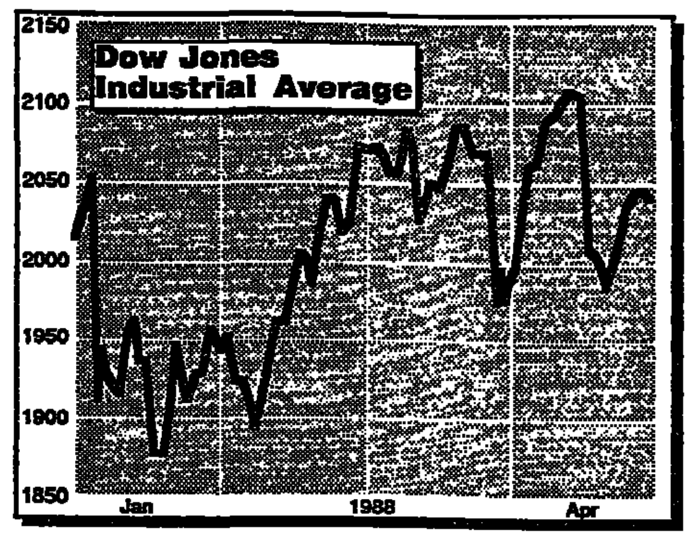
Today, of course, the world is still far from ending. But, to the extent that the stock market and the economy both suffered blows last autumn, these now look like mere setbacks rather than fullscale disasters.

From the stock market investor's standpoint, it still appears very unlikely that prices will recover in the foreseeable future to the heights reached last August. But almost nobody on Wall Street seems any longer to be worried about an all-out collapse.

The debate today is between analysts who expect a further gradual attrition towards the lows plumbed last October, and those who believe that a slow healing process, that could take months or even years, is now going on.

And however much it might appeal to the journalistic spirit to dramatise events, seeking out economic miracles or disasters, the fact is that all the objective indicators suggest the Wall Street consensus does, for once, make sense.

The US economy is chugging along at a respectable pace, with neither recession or unacceptable inflation apparently on the horizon. The total absence of any market reaction to the figures for first-quarter Gross National Product, published on Tuesday, shows just how moderate and acceptable is the economy's performance today.



Occasional grim trade figures may still unleash some panic selling, as they did three weeks ago when the Dow dropped 102 points in a single day. But the market's steady recovery since then has reflected, properly, the decent medium-term economic outlook on which all the best economic forecasters now agree.

Growth of 2.3 per cent in the second quarter, with most of it coming from business investment rather than consumption, was precisely the kind of performance the markets, the policymakers and the economists wanted to see. The decline in the trade deficit might still be unsteady and disappointing. But the fact that most of the continuing expansion of imports is going into business investment is a major consolation, since it does mean a build-up of America's competitive ability in the longer term.

There may be a few signs of intensifying inflationary pressures in the primary goods industries like chemicals and steel, as well as in some regional labour markets - and the widespread expectation that the Federal Reserve Board might tilt policy in a slightly restrictive direction is probably right.

However, US trade unions are still preoccupied more with job security than with buying power, and excess capacity still abounds in major manufacturing industries such as autos (a fact that was underlined strongly by this week's results from the big three US carmakers). An uncontrollable inflationary explosion thus looks unlikely, even if the dollar still has somewhat further to fall.

Above all, the anxiety about inflation seems to confirm that there is no economic slump in prospect - certainly no 1930s'-style depression, and probably not even a serious recession like the ones which knocked the market sideways in 1974 and 1981.

Meanwhile, the stock market itself seems to be placed for a slow, if unspectacular, advance. With announcements of first-quarter results confirming, or somewhat exceeding, analysts' expectations of 15 per cent-plus growth in earnings per share, the market's valuation is at a reasonable level.

The price/earnings ratio on the Dow Jones index was 11.8 in the week ending April 21, indicating a somewhat undervalued market compared with the 50-year average p/e of 13.6. The Dow's dividend yield was 4.2 per cent, suggesting a very marginally expensive market compared with the long-term average of 4.2 per cent.

In summary, there seem to be few objective reasons for continuing to predict snow showers in August or even a figurative financial blizzard as the summer draws nigh. All that is left for the unreconstructed gloom-mongers is gut feeling - and the knowledge that disaster strikes when people, including even long-time pessimists, expect it least.

Monday	2035.97	+	20.88
Tuesday	2044.76	+	08.79
Wednesday	2047.91	+	03.15
Thursday	2041.28	-	06.63
Friday			

Anatole Kaletsky

Throgmorton bid wins Framlington

Nikki Tait on the future of the fund management group

INVESTORS WHO own the 100,000 unit trust accounts at Framlington – and intermediaries who sell the units – may have given yesterday's newspapers more than a passing glance. After a week of behind-the-scenes negotiations, the fund management group agreed terms for a £70m takeover by previously unwanted bidder, Throgmorton Trust.

The twist throughout this fracas has been Throgmorton's existing relationship with Framlington. The £330m investment trust is managed by Throgmorton Investment Management Services, itself a part of Framlington since the two businesses merged in late 1986. The trust even shared three common directors with the fund management group.

So why the bid? Unfortunately, frictions between the "old guard" at Framlington – formerly a unit trust group with some additional pension/discretionary fund management business - and investment trust managers, TIMS, have been rubbing for over a year. These centred on what were described as "differences in management style." Matters came to a head when 28.8 per cent shareholder, Credit Commerical de France, indicated that it wished to sell its Framlington stake.

What happened last week is that – with no immediate rival suitor in sight and considerable pressure for an agreed deal from the French – the two sides finally negotiated. Throgmorton Trust raised its offer modestly; an outline structure for the new Framlington board was agreed; and Framlington eventually recommended the revised terms.

Where does this leave unitholders? Essentially, there are two key points. The first is the question of management charges. At present, Framlington's charges are at the industry's lower end – 0.75 per cent on most of the UK funds and 1 per cent on the international. Here, Thursday's press statement was fairly clear: it contained a declared intention "to maintain a competitive charging policy." This seems to imply that Framlington's charges should not exceed the industry average and may even remain marginally below that level.

The second, more crucial question is who will manage unitholders' funds. Inevitably, the immediate public noises are soothing. Throgmorton stresses that it has never had any quarrel with Framlington on this score, and has no wish to make significant changes; Framlington points again to the press statement, which states that both sides "will use their best endeavours to ensure continuity of fund management for the unit trusts" and "keep existing teams together." Certainly no-one is talking about a precipitous mass walkout.

Whatever the long-term outlook, the harsh fact is that nine Framlington trusts are now priced on a bid basis; three on a mid basis; and only three on an offer basis. About two-thirds have changed their pricing basis – adjusted downwards – during the past month's upheavals. Framlington, quite reasonably, says that it has to protect its own funds. Unitholders, even the most loyal ones, may feel differently.

Andrew Taylor on how Eurotunnel aims to counter P&O's fare wars

Tunnel looks to sink ferry threat

THE SHARE price of Eurotunnel, the Anglo-French channel tunnel company, has been left unmoved by the struggle taking place on the Dover quayside, where striking seamen are trying to prevent P&O from cutting cross-channel ferry crews and increasing working hours.

The shares, which initially tumbled from their issue price of 350p to a low of 233p, have recovered from their setback, if the price of the warrants which accompanied the share issue is taken into consideration.

Towards the end of last week, Eurotunnel shares were trading at around 327p while the 10p warrants were standing at a premium at around 25½p. Most of these gains arose in mid-February and early March when American buyers, who had previously stayed away from the stock, entered the market for Eurotunnel.

The shares have held their ground in recent weeks in spite of fears that cost cutting by ferry operators could allow companies such as P&O to undercut the tunnel's fare prices when it opens in 1993.

P&O has told its workers it needs to achieve substantial savings if returns are to be sufficient to justify investment in jumbo ferries, which will be needed to compete with the tunnel.

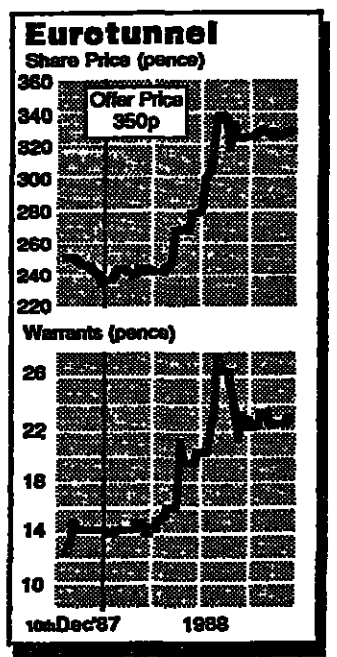
If P&O succeeds, cross channel fares could, according to some analysts, fall by between 20 and 30 per cent by 1993, upsetting Eurotunnel's revenue forecasts, made in the prospectus, for its £770m international share issue last November.

Richard Hannah, an analyst with stockbrokers Phillips & Drew, says that a 20 per cent decline in real prices could reduce Eurotunnel's forecast total return of 17.7 per cent over the 55 year life of the project to 15 per cent.

Eurotunnel's financial advisers dispute these figures. The question is whether P&O would be able and willing to embark on a price war with the tunnel that the company could not ultimately win. The tunnel, once built, will not cease to operate even if Eurotunnel were to face serious financial difficulties as a result of price.

Mr Alastair Morton, Eurotunnel's joint chairman who this week presented the company's first annual report, dismissed the ferry companies' ability to upset the channel tunnel's revenue projections.

He said: "The likelihood that the ferries will be slowly dropping their fares and then marking them down sharply when we arrive is fanciful."



The ferry companies would be under strong pressure just to get their investment returns, currently at 9 per cent, back to an acceptable level – particularly if duty free sales disappeared in 1992 when EEC tax and other barriers to trade are due to end.

Eurotunnel's revenue projections are based on passenger fares decreasing by 5 per cent in real terms between 1986 and 1993 and freight rates falling by about 20 per cent in real terms. It is the passenger fare forecast that is regarded as most vulnerable to price cutting by the ferries.

Eurotunnel says passenger fares have in fact risen by 8 per cent in real terms since 1986. Fares could therefore fall by 12 to 13 per cent in real terms between now and 1993 and still meet Eurotunnel's earnings forecast.

The forecasts also depend upon passenger traffic across the channel increasing by 3¼ per cent a year between 1986 and 1993. In 1986 and 1987 passenger growth had increased an average annual rate of 10¼ per cent, said Morton. The start of construction at the British end of the tunnel was one of the biggest factors behind Eurotunnel's share price improvement. Drilling on the British side – the tunnel is now about 1,200 metres out – is on target, says the group.

Tunnel boring machines which have been digging at a rate of about 100 metres a week are about to increase their cruising speed to about 200 metres a week. This is above the rates forecast in the group's prospectus in November.

The faster speed should enable Eurotunnel to make up some of the time it has lost on the French side, where construction is about three months behind schedule. The company says it remains on target for the service tunnel to meet in 1990. By that time, shareholders will have a much better idea of whether cost and revenue targets are likely to be met, or perhaps exceeded.

New contracts to exclude Aids

Commercial Union breaks new ground reports Eric Short

YOU ARE young, male, heterosexual and you want life cover. So why should you pay the substantial extra charge now being made by life companies on term assurance premium rates because of the extra mortalities arising from Aids (Acquired Immune Deficiency Syndrome) – a risk that you feel does not apply to you? This is not a rhetorical question. A leading Scottish life company received a flood of letters from policyholders on this subject following a newspaper article which revealed the extra reserve being made to meet future Aids death claims.

However, under a new type of term contract from Commercial Union you need not pay the full premium increase, provided that you are prepared to accept that the company will not pay out if death arises directly or indirectly from Aids.

Exclusion clauses are common in general insurance contracts but rare in life policies. The life assurance industry generally has been opposed to exclusion clauses on the grounds of the lack of full cover, on principle, and the practical grounds of policing the exclusion. Suicide has been the only one which is widely used.

With a general insurance claim, one can inspect the item involved – car, house and so on – and take statements from the claimant. But with life assurance claims, the life company has to rely completely on the information contained in the death certificate.

Nevertheless, Commercial Union is prepared to break new ground and experiment with its "select" term assurance contract, which is available from the middle of next month, to see if there is a market for this type of contract.

The company is adopting certain safeguards. If it finds that there are more death claims than anticipated, then it can adjust the premiums on existing contracts. This is a radical departure from accepted practice in traditional life business, in which premiums are fixed at the outset, or increase in a pre-determined manner, although it is common practice with unit-linked life policies.

For what effectively is select term assurance, the rates are still higher than they previously were for full cover. Full underwriting procedures apply to new contracts, and these increase the expenses incurred in setting them up – expenses that are recouped from you, the policyholder. In addition, the commission rates on term assurance contracts are about to be increased; these will need to be disclosed in due course.

Nevertheless, cost savings are considerable. For example take a man aged 29 who is seeking cover for £100,000 over 10 years. If he is a non-smoker, then his premium goes up from its previous level of £7.30 to £10 a month for the new select policy, but for the full standard cover the cost is £17.40 a month. For a smoker, the monthly premiums for this cover rise from £10.90 to £13.90 on the select policy and to £23.50 on the standard contract.

Finally, if you are in one of the high-risk Aids groups as defined by the Department of Health and Social Security, then even though you have an up-to-date negative HIV blood test result and your lifestyle is one of a steady relationship with your partner, you should still take out full cover and the life company should advise you on this point.

Are other life companies likely to follow the lead of CU? One feels that the vast majority will be content to wait and see first the public reaction to this new product, second whether CU can handle the claims and third whether it can be run profitably.

Nick Bunker on the arrival of A-day's investor protection system

Watchdog gets its teeth

THIS should be a weekend to remember for the estimated 120,000 people who make a living from selling life assurance in the UK. For yesterday, April 29, was the long-awaited "A-Day", when the Financial Services Act finally came into force to police their dealings with the public.

Only the sharpest-eyed consumers will notice the differences immediately. Some key provisions of the new industry rulebooks which have been drafted to comply with the Act will not be operative until July 1. And with 212 separate life insurers, and more than 80m policies in force, held by at least 24m people, the market is so big and so technically complex that in practice it will probably take until the early 1990s before all the grey areas in the new investor protection system have been fully resolved.

History is being made this weekend, nevertheless. Any consumer who knows his rights under the Act will now be in much stronger position than ever before - and even those who have never heard of it should also benefit, however much the industry likes to grumble about the costs of regulation.

From the point of view of consumers, the first major change is the introduction of "polarisation," in force since yesterday.

Under this rule, laid down by the Securities and Investments Board (SIB), the new system's central watchdog, people selling life assurance will have to make it clear to customers whether they are *independent intermediaries*, offering unbiassed advice on products from a range of life companies, or *company representatives*, acting as direct salesmen for just one life office.

The measure of how valuable this distinction will be lies in the sheer number of individuals who hitherto fell into a confusing middle ground. These were salesmen who appeared to be independent and unbiased but may actually have sold policies issued by only a very limited number of life companies, who in turn were allowed to keep their loyalty by awarding them especially large commissions or benefits-in-kind.

In 1985, Sir Mark Weinberg, now the SIB's deputy chairman, estimated that of the 120,000 individuals involved in distributing life products, 43,000 worked for the "home service" insurers, such as Prudential Assurance and the Pearl Group.

Perhaps another 15,000 were "tied agents" for unit-linked life companies. Maybe another 17,500 were registered insurance brokers, who were bound by law under the Insurance Brokers Registration Act to act as fully independent intermediaries. That still left perhaps 45,000 intermediaries unaccounted for, many of them falling into "the middle ground".

The benefits of polarisation, according to Ms Helena Wiesner, of the Consumers Association, are that "confusion will be eradicated" in consumers' minds about the status of the salesman.

The drawback at the moment is that polarisation is only part of a jigsaw of regulations covering life assurance, and the way some of the other pieces will fit together in practice is not fully clear.

First, the effect of polarisation on the banks has created room for confusion. Four of them - Barclays, Midland, Lloyds and TSB, plus one big building society, Abbey National - have elected that their branches will "go tied", acting as sales outlets for the bank's own life company.

But they have also retained under the SIB's rules the right to offer "conduit advice", which means that they can run a subsidiary company which offers itself as an independent intermediary. It is hard to see how consumers will understand the distinction.

The Financial Services Act came into force yesterday and even those who have never heard of it stand to benefit

Second, the issue of "best advice" - which primarily affects independent intermediaries - is still hazy. Under the rule book of the Financial Intermediaries, Managers and Brokers' Regulatory Association (Fimbra), which will regulate independent intermediaries, they will have to give their customers "best advice" when recommending which life company's products to buy.

Can an intermediary simply continue to select life offices by using the performance tables published in magazines like Planned Savings? Arguably, the intermediary should also investigate the underlying financial strength of the life company. But that can be a complex job for consulting actuaries and few intermediaries have the resources for it.

Mr John Ross, an actuary with Wood Mackenzie, the stockbroker, sees no sign that anybody has a satisfactory working definition of best advice. "Everybody seems to be frantically ducking the issue," he says.

Where consumers will definitely benefit is that they will receive far more information from life companies about their policies than ever before.

For example, the Consumers Association's Ms Wiesner reckons that one of the most frequent sources of complaint about life policies is that their surrender values are often so low in their early years, because the premiums have been eaten up by the company's initial marketing expenses.

This has had to be tackled by the Life Assurance and Unit Trust Regulatory Organisation (Lautro), which will regulate life companies themselves. From July 1, Lautro's rules will compel life companies *at point of sale* to show expected surrender values at the end of each of the first five years of the policy's term.

Other aspects of product disclosure are still not completely resolved. Probably the thorniest problem the SIB had to address was the need under the Act to find a way of providing for disclosure of the commissions life companies pay to independent intermediaries.

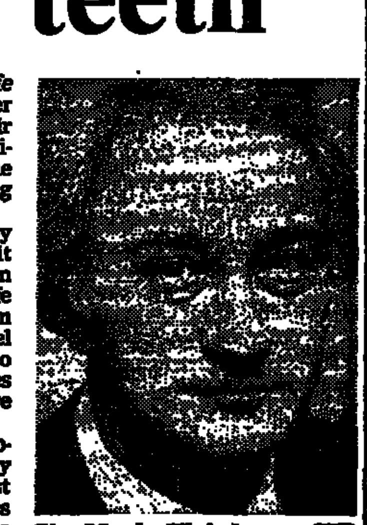
Lautro opted for "soft disclosure", which means that independent intermediaries are not obliged the commssions they receive in pounds and pence for selling a life policy, *provided* that the life company concerned abided by an industry-wide agreement setting a cap on commissions.

Then, last week - in what amounts to a major victory for consumers - Lautro had to agree under pressure from the Office of Fair Trading to drop "soft disclosure" at the end of 1989. From then on, they will have to disclose exactly what commission they are paying to intermediaries - so-called "hard disclosure."

Product disclosure is a relatively easy task, however, compared with the difficulties simply of monitoring the behaviour of the industry's armies of direct salespeople.

A key problem faced by anyone trying to regulate direct sales forces, as opposed to independent intermediaries, is the very high turnover of sales staff which life companies often experience. Selling insurance policies successfully can be a very hard grind, and "the failure rate is high" among new recruits to sales forces, according to Mr John Ginarlis, a financial services analyst with Banque Paribas Capital Markets, the stockbroker. "Many companies have had agency turnover rates which exceed 100 per cent per annum," he says.

This also means that at any given time many individuals who are not up to scratch are out there selling what can be complex investment products.



Sir Mark Weinberg: SIB deputy chairman

One weapon contained in the Lautro rule book and aimed at policing direct salespeople is a six-page Code of Conduct regulating their contacts with the public.

This is not entirely new. But the vital point is that the Code will now have the explicit backing of statute law in the form of the Financial Service Act.

"In theory, it should wipe out hard selling tactics," says Ms Wiesner.

For instance, the Code closely regulates initial approaches by salesmen to prospective clients. The salesman *must* clearly identify himself as a salesperson and name the company he or she works for, it says.

Salespeople *can* make unsolicited calls on members of the public but if they do so then they must state the genuine purpose of the call at the outset, and they must not say anything which they "know to be untrue, or partly true or exaggerated". They also have to "recognise and respect, promptly and courteously, the right of the investor to terminate the call at any time."

Will this eradicate the pushier hard selling tactics at once? Obviously not. As Ms Wiesner points out, cold calling is "the most difficult type of selling for a life company to monitor."

In practice, Lautro and its members will have to rely on consumers' complaints to alert them to a salesperson who is breaking the rules.

But the Achilles' Heel of the new investor protection system is that, so far, few consumers know about it. One of the rare attempts so far to gauge public awareness was a MORI poll conducted in February for National Mutual Life which found that only 21 per cent of 1,024 adults questioned claimed any knowledge of the Financial Services Act.

Problem pages

A GALLUP survey commissioned by the insurance company, Legal & General, says that most small investors are bewildered by unit trust or equity investment and that half of them find personal pensions incomprehensible.

Nearly 90 per cent of the adults surveyed found saving with a bank or a building society easy to understand, but 70 per cent said that unit trusts or stocks and shares were beyond them. Only 14 per cent of the sample said that they had a personal pension.

L & G say that even the considerable tax advantages for self-employed people taking out personal pensions seem to have had a limited impact. Nearly 65 per cent of the self-employed questioned had no personal pension package – "No surprise, really," says the company, "given that more than half (53 per cent) of the entire sample admit to not fully understanding their own tax position."

However, the company has come to the rescue with a new You and Your Money book series, with two titles* published this week, the first aiming to lift the lid on retirement financial planning and the second a simple guide to lenders, borrowing, tax relief and managing repayments.

*Investing in Pensions, by Ron Spill, and How to Assess Mortgages & Loans, by Nigel Cawthorne, available in bookshops, both priced £4.99.

* * *

Shareholders in BAA, the authority operating Britain's main airports, should decide by next Friday whether they want to sell their shares partly paid. From the following Monday all stock exchange dealings in BAA shares will be on a fully paid basis.

By May 19 they are due to pay the final 145p a share instalment of the 245p offer-for-sale price following the company's privatisation at the peak of the market last summer.

Debenhams Investment Services said this week that it will be operating a hotline for BAA holders in the period running up to the payment of the final call. Advice will be available on 01 439 0306, including, if appropriate, details of Debenhams' special BAA share service. This will include a special reduced commission rate for BAA sales of 1 per cent flat with a £10 minimum, plus VAT in both cases.

The shares, 111p in mid-week against the 100p first instalment of the offer price, have outperformed the market since the crash. They have also attracted speculative comment since January's appointment of Nigel Ellis as group finance director, from the same position in the Hammerson Property group.

* * *

Julian Baring, writing for James Capel Unit Trust Management – and its Gold and General Fund in particular – thinks that he has found an anomaly, that situation beloved of investors, where share prices fall short of the analysts' arithmetic. In short, he says that Western gold production should be worth $21bn this year and the combined value of base metals such as aluminium, copper, nickel, lead and zinc, about $51.5bn.

Yet, he says, the companies which mine the gold are valued at about $49bn, against some $51.5bn for the base metals producers. "Something's wrong here!" he comments, and looks forward to better times for base metals shares.

What if gold were simply too expensive? "That's why the fund is much more general than gold at the moment," is Mr Baring's reply.

* * *

"The traditional image that home loans predominantly go to married couples no longer reflects reality," says the Bradford & Bingley Building Society's housing bulletin.

The society says that of the 40,259 home loans it made in 1987, only 50.5 per cent went to married couples, down from 52 per cent in 1986.

Joint borrowers accounted for 19.1 per cent of all loans, single men 18 per cent and single women 12.4 per cent (up from 9.9 per cent in 1984).

* * *

The Alliance & Leicester Building Society is conducting an extensive review into the practicality of converting itself into a public limited company, said its chairman, John Baker, at this week's annual general meeting.

He said that a decision on the issue is some way in the future. "The final regulations concerning conversion are still awaited," he said, "but we have come to the conclusion that conversion is a practical and viable option."

Alliance & Leicester had a record net inflow of £873m of funds from members during 1987, while lending exceeded £2bn.

* * *

Property prices in the south west of England have risen by an average of 15 per cent in the six months to March 31 last, with most of the increase during the first quarter of 1988, says Property Prospects, the Bristol & West Building Society's quarterly guide to regional property prices.

Surging demand for property in Bristol and Bath has not only had a "knock-on" effect on the surrounding area, it says, but has been accompanied by substantial price increases in North Devon and in parts of Cornwall.

William Cochrane

Burrage goes for growth

William Cochrane on expansion plans at a unit trust group

A SENIOR appointment, expansion plans and a *volte face* on commissions came from Burrage Unit Trust Management in a single package this week.

Mike Lawrence, manager of the treasury department of the Corporation of Lloyd's, where he has been responsible for more than £1bn of pension funds and central funds, is moving to Burrage as a director from May 1.

Chairman Ken Burrage says that Lawrence will join his co-director Susan Bentley in heading a fund management team which he expects to enlarge further. Burrage is planning to expand its range to include an equity fund, a general gilt fund and offshore funds.

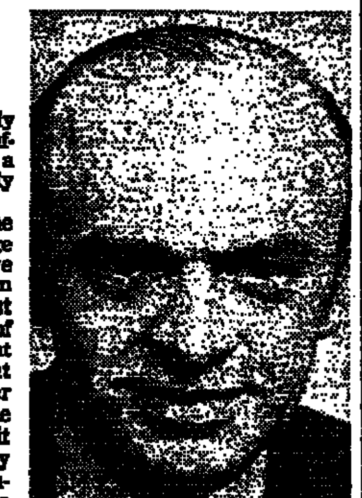
At the same time the company is planning a virtual relaunch – with the introduction of front-end cost loading and commissions to independent advisers – for the Burrage Short Dated Gilt and Fixed Interest Fund, which came out first in May last year.

At that time Ken Burrage was strongly opposed to offering commissions to independent advisers who introduced investment funds into the trust. However, he now sees a great opportunity to attract money which, in the middle of last year, was committed to a booming equity market and would not then hear of fixed interest investment.

He says that investment advisers tell him that the majority of their clients, following the October crash, now have very badly structured portfolios. Having suffered losses they are waiting for a recovery in equities and are only *putting new money into gilts.*

Burrage think differently. The company says that the average private portfolio should now have up to 50 per cent of its funds in gilts and other fixed interest investments, with up to half of that in short-dated government securities. They argue that short-dated gilts are a better liquidity vehicle for many people than building society or deposit accounts, particularly when, they say, interest rates should continue to come down over the short term.

Burrage, a wholly-owned subsidiary of Lloyd's underwriting agents R J Kiln, currently manages over £200m of investment funds.



Mike Lawrence: on the move to Burrage

• FINANCE & THE FAMILY •

John Edwards reports on Scottish influence in the financial services sector

The Swiss of the North Sea

GO TO any financial adviser for an insurance, pension or investment product and there is a good chance that you will be recommended one managed by a Scottish company.

Most of the leading life insurance companies, including Standard Life, are Scottish based and there is a roll call of Scottish names managing pension funds, investment and unit trusts for private and institutional investors. Scotland has a financial services industry far bigger and more widespread than would be expected for a country of its modest size and population.

The volume of funds managed from Scotland, particularly in Edinburgh, is estimated to total around £51bn ($98 bn), and it claims to be the second largest investment centre in Europe.

Only last month US fund managers Templeton, Galbraith and Hansberger announced that they were setting up their European headquarters in Edinburgh, and Bankers Trust chose Edinburgh as its location for a global custody service to investors. Financial services is the fastest growing business sector in Scotland and is the biggest single employer, accounting for 8.3 per cent of the working population.

According to Professor Jack Shaw, executive director of the Scottish Financial Enterprise organisation, it was a bit of an historical accident that the Scots became "the Swiss of the North Sea."

The industrial revolution generated a great deal of corporate and personal wealth in Scotland. The Scots tended to want to save and accumulate, rather than spend their money on themselves as did their English counterparts, so money poured in from industries such as the jute trade, shipbuilding and coal mining, mainly via the banks, accountants and solicitors, into financial vehicles such as investment trusts.

With limited domestic possibilities, the Scots looked abroad for investment opportunities. Scottish fund managers financed railroads and cattle ranching in the US, and had early exposure to the Japanese markets. They gained considerable expertise at managing other people's money and established large insurance and investment groups in Scotland.

The different legal system, national pride, and distance from London helped the Scottish insurance and banking groups avoid some of the turmoil that hit their English counterparts during the Depression and thus were not swallowed up in big groups. Over the years Scottish financial institutions continued to prosper, but

Jack Shaw

complacency also began to creep in, particularly in the independent finance houses in Charlotte Square, which relied on investment trusts for the bulk of their business.

Another threat was that the Scottish houses would be left behind while London, encouraged by Big Bang, took the lead in the worldwide expansion of financial services. The Scottish Development Agency, a Government-financed organisation which has already helped transform Glasgow, turned its attention to the financial sector and, together with several other organisations, encouraged the creation of Scottish Financial Enterprise to act as a lobby and promote the sector's interests internationally.

In fact, Big Bang, and subsequent insider dealing scandals in London and New York, have done no harm to the Scottish investment community. Institutional and private investors, worried by conflicts of interest and having little confidence in so-called Chinese walls, have been attracted by the independent approach offered by the Scottish houses. They also like the stability of staff in Scotland compared with the merry-go-round in London.

With the improvement in communications making the distance from London of less and less importance, Scotland is able to play on its advantages of having much lower overhead costs. Commercial property rents in Edinburgh and Glasgow at around £10 to £12 a sq ft are about a fifth of those in London; a seventh of those in Tokyo; and a third of those in New York.

Staff costs are estimated to be some 20 per cent lower than those in London, with plenty of good-quality people available. In spite of the lower salary levels, surprisingly few executives have been attracted by the bright lights of London; indeed there have been some moves in the other direction. Money is not the only priority. The quality of life in Scotland is considered to be better, with less pressure and the ability to drive to and from work in a few minutes.

The stock market crash in October supported this approach. There have been few redundancies among the Scottish financial community, which is continuing to expand. Scotland escaped the worst of the aftermath of Black Monday, perhaps because most of its institutions act as agents rather than principals and are not market makers or dealers. At the same time the claim of Scottish investment houses to be more interested in the long-term view, instead of quick short-term gains, was given a lot more credibility by the crash.

With the Scottish clearing banks also pushing aggressively into the rest of Britain, Scottish companies are likely to continue featuring prominently as providers of financial products to England and Wales, and also to the European Community when harmonisation takes place in 1992.

Tight fists on the £

Banking in Scotland is big business with over £34bn on deposit and the three big Scottish clearers keen to expand, says John Edwards

ALMOST THE first thing an Englishman notices when arriving in Scotland are the £1 banknotes with strange designs. These are not just a matter of national pride. Issuing notes is a source of profit for the three main Scottish clearers, Bank of Scotland, Clydesdale and Royal Bank of Scotland, and one which they are keen to retain.

Banking in Scotland is big business. Deposits held are estimated to be more than £34bn, and the three main banks are keen to expand elsewhere in Britain and overseas.

The Royal Bank of Scotland, after its merger with Williams & Glyn's, can claim to be the first bank with a UK-wide branch network. It is the biggest in Scotland with 530 branches, and also has 330 branches in England and Wales, where it is opening branches at the rate of about 10 a year.

The Royal is expanding into the US through the £285m purchase, announced on Thursday, of the Citizens Financial Bank in Rhode Island. It had already spread its wings in Britain by acquiring the Charterhouse merchant bank group and by forming a number of specialist subsidiaries in the financial services area. These include direct line motor insurance and the RoyScot leasing and hire purchase group. The bank provides own-brand credit cards as well as the Style credit card, and is heavily involved in the mortgage market.

The group has changed its mind about the Financial Services Act. After first intending to become a tied agent selling its own products, it has now decided to follow the independent route, which means that its branches will not be able to sell group products unless they can be justified under "best advice."

Royal Bank recently launched a pilot scheme for home banking called Phone Link, which claims to be the simplest voice response scheme on offer, in that it requires only a normal telephone call for you to be able to find out details of your account and to give instructions.

However, the Bank of Scotland is the acknowledged leader in home banking, pioneering the Home and Office Banking Service (HOBS). It is a screen-based service, utilising Prestel, and the bank says it is glad to see that the main competition in home banking is coming from voice-response systems, which it considers to be inferior. HOBS may be more expensive for the customer, but it provides extra facilities which are particularly useful to small businesses.

Bank of Scotland, which claims to be the UK's oldest clearing bank, dating back almost 300 years, is adopting a different policy to the Royal Bank in expanding into England and Wales. Instead of building up a branch network, it has a number of regional offices and is relying on joint ventures and developing innovative products to expand its business.

It already provides banking services for building societies such as the Abbey National and Alliance & Leicester, as well as processing the Halifax Visa card, and is heavily involved in providing mortgages via brokers and intermediaries.

Through its North West Securities subsidiary the bank provides financial services to Automobile Association members, including AA Visa cards and Budget accounts. Other subsidiaries include the British Linen Bank merchant bank and the Bank of Wales. Bank of Scotland claims to be the first to introduce a high interest cheque account, which it now also offers for expatriates, and the revolving credit and budget accounts.

Clydesdale Bank, the third biggest Scottish bank, is expected to undergo a transformation following its change of ownership. The National Australia Bank acquired it last year from the beleagured Midland Bank.

As a subsidiary of the Midland, the Glasgow-based Clydesdale Bank went through a bad patch, starved of funds for development and restricted from expanding outside Scotland. In recent years, especially, it suffered badly from the problems affecting the Midland and lost ground to its competitors.

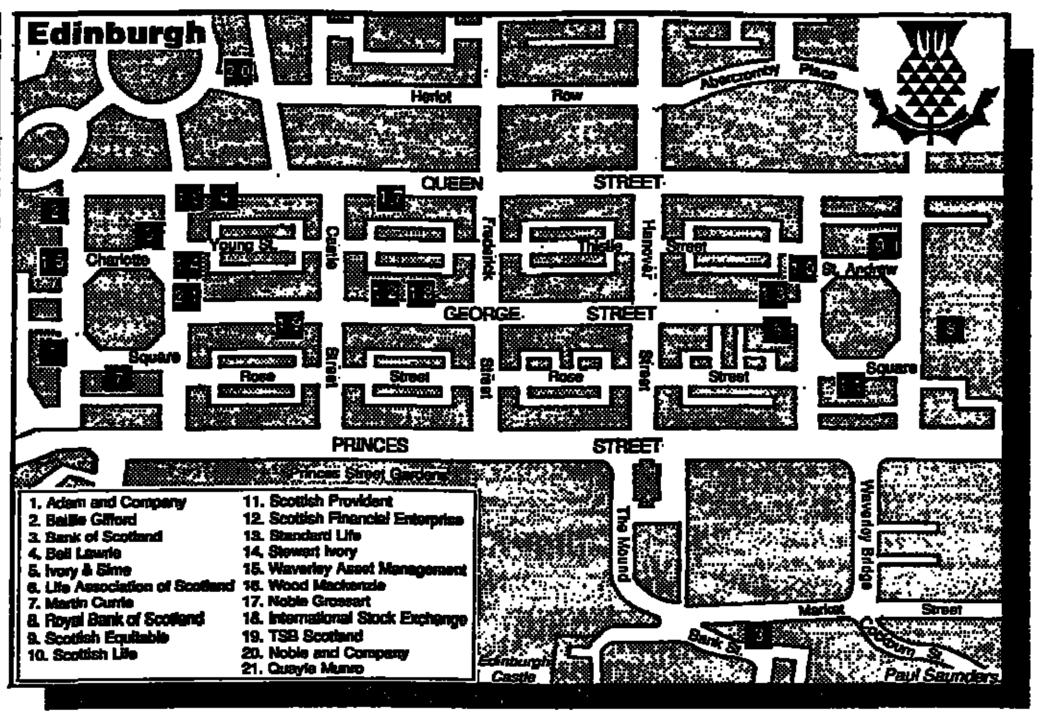
So far the National Australia Bank has yet to make clear its detailed intentions about its strategy to revive the flagging fortunes of the Clydesdale, which celebrates its 150th anniversary this year. But it has said it expects Clydesdale to become a significant force in personal finance in the south of England within three to five years.

One result of the abortive bid for the Royal Bank of Scotland made by the Hong Kong & Shanghai group in 1982 was the creation of a small new bank in Edinburgh. Alarmed by the prospect of the Royal being taken over, several Scottish businessman looked at the prospects for a specialised banking service. Although the bid for the Royal was fought off, it was decided to proceed with the formation of Adam & Co, named after the famous Scottish philosopher and economist, Adam Smith.

Adam & Co, with a capital of only £10m, has prospered since being given a licence to operate by the Bank of England in December 1983. It quickly opened a branch in London's West End and more recently in Glasgow.

Aimed primarily at wealthy individuals and professionals, it provides all the normal banking services with a lot of extras. For example, you get a monthly statement giving full details of each entry and coding the transactions into different categories to help produce income and expenditure accounts. It has its own gold card, Personal Equity Plan and personal portfolio management service and recently linked up with the International Management Group to offer financial planning for wealthier clients. It is, therefore, a serious competitor to specialist banks such as Coutts and Hoare & Co, without having their long history, but offering the Scottish connection instead.

Canny and cautious, page XXII



Focus on the dumb-bell

John Edwards looks at the home of Edinburgh's financial community

THEY CALL it the dumb-bell.

Princes Street and the Castle may be top of the list for tourists visiting Edinburgh but, for the financial community, the important area is the "dumb-bell" formed by the two squares – Charlotte and St Andrew – at each end of George Street.

Charlotte Square has what may be the highest concentration of investment management houses in the world, while St Andrew Square is equally well known for its powerful mutual insurance companies.

Standard Life, the biggest mutual life company in the EC, with assets under management of over £13bn and a weekly cash flow in Edinburgh alone of some £20m, has its headquarters in George Street, near the St Andrews Square end. Its headquarters office in George Street is responsible for investing some £10bn worth of funds – most of the rest is managed by its associated company in Canada – and it accounts for something like 2 per cent of the total UK equity market.

Perhaps the best demonstration of Standard Life's commitment to Scotland was the company's decision in 1985 to acquire the 34.28 per cent stake in Bank of Scotland previously owned by Barclays. It was quite an outlay for a mutual company – £155m in cash – but it has turned out to be a very worthwhile investment.

Recently, Standard Life has spent about £2.5m building up its own research unit in Edinburgh to handle the money flowing in weekly in the form of life and endowment policy premiums, pension payments, investment bonds and unit trusts.

Scottish Widows, the second biggest mutual in Edinburgh, made the bold decision a few years ago to move its main offices outside the city's financial district but the others, such as Scottish Equitable, Scottish Life and Scottish Provident, and Life Association of Scotland in George Street, are still in the centre.

Down at the other end of George Street, in Charlotte Square, the investment houses are just as tightly packed. They claim that being so close creates a "critical mass" which enables them all to function more efficiently. For instance, potential customers can see a lot of different people on one trip.

Charlotte Square is very much an investment, as opposed to a brokerage, community. The companies – with the notable exception of Ivory & Syme – are privately owned concerns which originated from firms of accountants and solicitors which divested themselves of their investment management interests and formed separate companies running investment trusts. The partnership tradition remains strong, with the staff tending to own the bulk of the equity and remaining proud of their independence as pure investment houses, uncluttered by brokerage or other interests.

While investment trusts remain an important sector, most of the companies have moved into other areas of fund management, notably pension and more recently unit trusts. The Edinburgh firms claim they are better placed to remain more detached and take the long-term view than their rivals in the City of London.

This has led to some complacency in running investment trusts, but stronger competition from outside, and the inroads made by unit trusts, have now galvanised most of them into life. Martin Currie, for example, has recruited a Sassenach, Alan Maidment, previously managing director of Wardley Unit Trusts in London, to spearhead its unit trusts expansion programme. Maidment said he took up the offer to go north of the border because the contrast in style appealed to him. Working for a privately owned, pure fund management house in Edinburgh would be a welcome change from a large group, he decided.

Finlay's hopes

JAMES FINLAY, the Glasgow-based trading and financial services company, has redefined the role of James Finlay Corporation, which groups its merchant banking and private banking services, and has changed its name to James Finlay Bank. It expects to expand its services to private clients.

The bank's operations, originally established in 1973, include loan finance for corporate and property developments, private loans and mortgages, high interest deposit accounts and a range of corporate finance services for medium sized companies. Finlay notes that development capital funds managed by the merchant bank can invest between £50,000 and £500,000 in private companies.

Its managing director, John Ingleby, said in Glasgow this week that the bank and its subsidiaries employ 60 people and that it is the only merchant bank with its headquarters in Glasgow.

He added that, until now, the Finlay group's banking services, discretionary investment management, insurance services and

John Ingleby, managing director of James Finlay Bank

factoring had been carried out by separate subsidiaries. "Now these companies have been brought together, strengthening our base and giving new incentive to our staff," he added. The bank has assets of more than £30m.

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The monthly review from Scottish Unit Managers, a subsidiary of Martin Currie, takes a worldwide look at investment.

In North America, it says that the bears presently have the upper hand, but takes the view that fears of inflation are overdone and that investment opportunities exist. "Manufacturing America is on the move," it says, "and a new competitive export sector will provide distinctive opportunities."

In the Pacific Basin, SUM continues to favour Japan in the Far East on account of its booming domestic economy, stock market confidence and its relative lack of vulnerability to slower US growth. It takes a longer term view on Australia, where the equity market has recvovered on light volume to some 20 per cent above its October low, and observes: "the country must benefit from the continuing growth in Japan and South East Asia, and the current relatively weak market presents some interesting opportunities."

On the UK, it says that shareholdings may be accumulated at levels which could offer remarkable value in the medium to long term. "The UK", it declares, "offers the best fundamental opportunities in the world."

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Gartmore Scotland's Scottish National Trust, reorganised into the UK's largest split capital investment trust just before the October crash, said this week that the revamp had already paid off.

Total net assets, according to its interim statement, marginally outperformed the FT-SE 100 index over the six months to March 31 with a drop of 24 per cent against Footsie's 26. However, the market value of the new shares created by the reorganisation – capital and income shares, zero dividend preference and stepped preference – had only fallen by 12.2 per cent.

It said that the market value of the new package of securities had consistently traded at a premium to net assets since the stockmarket crash. The old shares were at a 10 per cent discount prior to the reorganisation announcement last September 1, and had traded at a discount range of 8 – 33 per cent over the five years before that.

• FINANCE & THE FAMILY •

Eric Short on problems facing life companies

Commission bombshell

THE NINE Scottish life companies between them have around 40 per cent of the UK market – but that share is now in jeopardy as they face problems they have never experienced before.

These do not arise from any deterioration in their expertise. They have long provided a top-class investment showing for their policyholders and all nine have figured prominently for many years in the with-profits performance tables. Indeed, they are still there, with Standard Life topping the tables for all terms.

Immediate business prospects look rosy, particularly with the introduction of personal pensions and the fresh opportunities in company pensions. New business results for the first quarter of Scottish Amicable and Scottish Life show a continued sales boom, particularly in self–employed pensions and mortgage–related business.

The problems facing the Scottish companies, and some English ones, relate to likely developments in marketing life policies and pensions in the new financial services environment.

Scottish companies have always relied on independent intermediaries. With the exception of Scottish Life, they have rejected publicly any moves to set up their own sales forces, either as employees or company representatives.

Under the "polarisation" requirements of the financial services legislation, life salesmen must either be truly independent or represent just *one* life company. Under the best-advice requirements, independent intermediaries have to have a detailed knowledge of the complete market.

Financially, they must have an adequate capital base and conform to stringent accounting requirements - problems that company representatives do not face.

The reaction of the Scottish life companies was to link up with their English counterparts to form the Campaign for Independent Financial Advisers (Camifa). This campaign had two objectives: first, to persuade intermediaries that there was a future in remaining independent; and, second, to induce the public to use independent advisers when buying life assurance, pension contracts and unit trusts.

The companies backing Camifa, with Scottish companies in the majority, have committed £7m to the campaign with plans for blanket TV and media advertising nationwide. Until this week, all the signs pointed to widespread success in both objectives.

Then came the bombshell. Lautro, the Life Assurance and Unit Trust Regulatory Organisation responsible for overseeing the marketing activities of life companies, said it would abandon its industry-wide commissions agreement from the end of next year.

This means that, from 1990, all independent intermediaries will have to disclose to clients at the time of a sale the actual amount of commission they get. Company representatives have no such obligation.

The life assurance industry consistently has opposed full disclosure of commissions on the ground that it will discourage people from taking out policies and pensions. There is a real fear now that intermediaries will play safe and elect to be company representatives so that that their clients still do business with them.

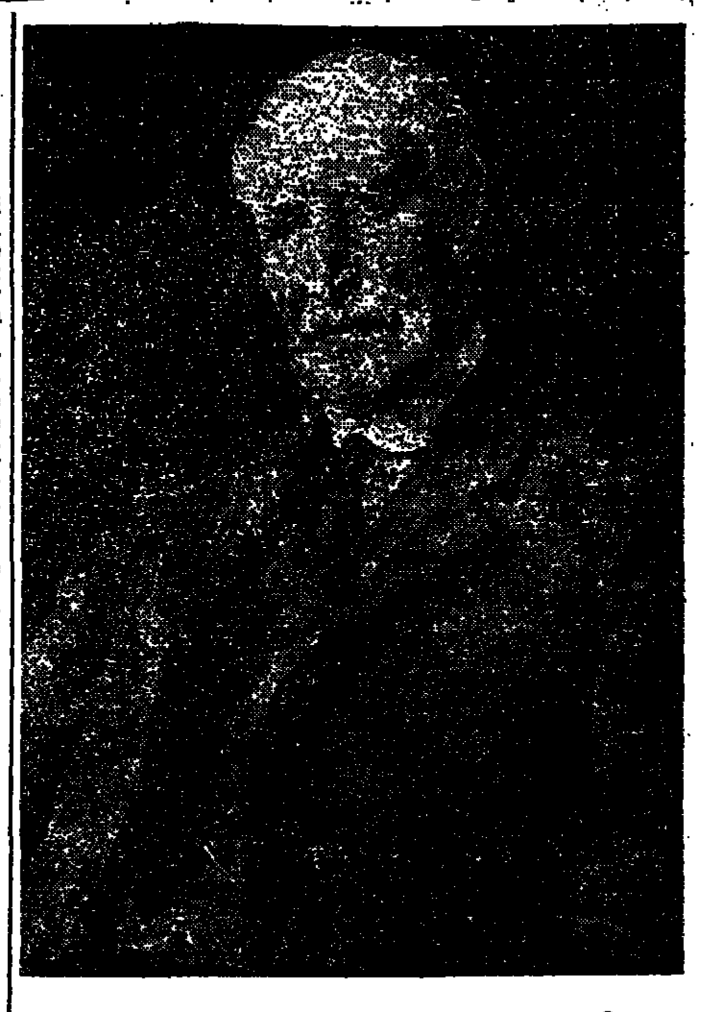
Certain English–based life companies, such as Friends' Provident Life Office, decided to ensure their new business sources by having both company representatives and using independent intermediaries.

To show their faith in Camifa, Scottish life companies undertook not to set up their own direct sales forces for at least 12 months, a commitment that was renewed recently. Now, though, they may have no alternative but to reverse this decision.

However, it takes time, trouble and money to set up a sales force, and the latter requirement poses other problems for the Scottish companies.

All except the *Life Association of Scotland* are mutual life companies and their only source of *capital* is internal reserves. Existing and potential new business developments have already imposed a drain, and setting up a direct sales force is extremely capital-intensive.

The companies are still trying to assess the implications of the announcement and it could take weeks to discover how the intermediaries feel. Already, though, the companies are looking into methods of restructuring the pricing of their contracts - no load and back–end loading are two possibilities - that would minimise the impact of commission disclosure and persuade intermediaries to remain independent.



The father of investment trusts . . . Robert Fleming, who started the movement in Dundee, Scotland, in 1873 when he was only 28

Where loyalty is a way of life

Alliance Trust has a definite sense of history, says William Cochrane

INVESTMENT TALENT does not evaporate north of the Forth Bridge. It becomes more independent, more uncompromising, and it attracts remarkable loyalty from the private shareholder.

Investment trusts began in Dundee with the 28-year-old Robert Fleming in 1873; and Alliance Trust, the roots of which go back independently to the beginnings of the movement, is one of the most relevant to the private investment sector.

Private investors hold more than 40 per cent of Alliance's £520m of shares and the proportion is rising. This ratio is almost half as large again as that of the average investment trust and Alliance's investors, on average, are likely to retain their holding for at least 12 years.

History counts. The company stems from the October 1873 conception of the Oregon and Washington Investment Company, formed to lend money to immigrant farmers in the western US state of Oregon and the adjacent Washington Territory.

Its early years shaped its structure and were to lead to incorporation with powers and activities considerably broader than the conventional investment trust company. "We can do virtually anything in terms of looking after people's money," says Alliance director Gavin Suggett.

However, the company learned to be circumspect. An intriguing restraint in its early years was a standing order that no loan should be granted to any religious or charitable body, in view of the possible odium which might be attracted should foreclosure be necessary.

By the time of the First World War, the company's dividend was 80 per cent higher than on its formation and the price of the ordinary shares had risen by more than 60 per cent, broadly in line with the growth in asset value. By comparison, says the company, retail prices in 1914 were no higher than they had been 40 years previously.

Alliance is also modest enough to remember its mistakes. A 1,200-acre Arlington Heights plot east of Fort Worth, Texas, was bought in the 1880s and sold, undeveloped, in 1904 for $22,800. Today, it is a prime residential area worth substantially in excess of $50m.

Suggett says that shareholder loyalty goes back three or four generations in some cases and that it has not been disturbed visibly by the events of last year when the October crash and dollar depreciation sliced nearly £43m in value off a US equity portfolio which started at £227m on January 31, 1987.

Looking back, they can hold onto the experience of the past 40 years which traces the cult of the equity. In this period, dividends rose by a multiple of 62 times and the net asset value of the ordinary shares by 47 times, compared with 13 times for the retail price index.

Looking at the past six months, shareholders were probably quietened in the aftermath of the October crash by the distinctive, if muted, style of the management.

Alliance has no ambitions to become some sort of financial megahouse. It is an investment trust and its management is known by the Alliance name, rather than sharing itself with pension funds, unit trusts and other financial enterprises.

It is pleased to be away from the turmoil of the big city. "So long as telecommunications operate and mail is delivered, there are definite attractions in being detached from the cauldron of rumour in a large financial centre," says the company.

The Alliance is not interested in "gunslingers," financial hitmen who major on hot air and short-term performance objectives. It wants people who are interested in the pursuit of excellence over a longer period, and who want a good quality of life and working environment rather than to get rich quickly.

"People who come to work here know our style before they arrive," says Suggett. "Young managers might not make their fortunes, but we all like working here."

A reputation for performance

Christine Stopp looks at the unit trust industry in Scotland

AT THE END of last year, Scottish groups were managing £4.7bn – or 13 per cent – of the £36.3bn invested in unit trusts nationwide. The Scottish end of the industry has a character all its own and a reputation for performance.

Last week's Scottish Money Show awarded a prize for the best unit trust group, based on performance against the average across all sectors. Dunedin was the winner and Scottish Widows, which came first last year with its Pegasus Trusts, was runner-up. On the same basis, Dunedin was ranked seventh against the industry as a whole.

In terms of marketing philosophy, the Scottish groups are not typical of the industry as a whole. Most run a relatively small number of funds, of general rather than specialised character. They tend to prefer steady, stable growth to the meteoric but fickle rush of interest generated by Belgian Whidget Trusts and the like.

The Scottish unit trust industry is a new phenomenon: 13 of the groups have launched trusts only since the start of the 1980s. So, why are venerable institutions like Scottish Widows and Dunedin, the oldest investment trust of which dates back to 1879, getting in on the unit trust act?

The received wisdom where investment trusts are concerned is that groups see no future in their traditional product and are looking for something new to boost revenues in years to come. But David Skinner, managing director of Martin Currie, which owns Scottish Unit Managers (SUMs), takes great exception to that theory.

He thinks the two products can exist side by side and says: "Some people will always be unit trust-buyers. Some people's natural home is investment trusts. We haven't been purely an investment trust group for five or six years. It's now only 30 per cent of our business."

With SUMs' recent UK recovery trust launch attracting only £800,000 against an expected £4m, Currie might have to be patient for a while before the unit trust arm, with £70m under management, pays its way as part of a group with total funds of £2bn.

"It is something we're serious about," says Skinner, who has just appointed unit trust fix-it man Alan Maidment (ex-Wardley, ex-Oppenheimer, ex-Britannia) to set the group on course.

David Skinner...products can exist side by side

Scottish Widows has had a name for insurance protection since 1815 but it has been managing unit trusts only since 1986. With single investment becoming more important, it was decided that unit trusts were the way to go. "We categorically intend to become a major force in the unit trust market," says assistant marketing manager David Graham.

Although marking time at present because of the market downturn, the group intends eventually to launch a regular savings plan and possibly a new style "managed" unit trust that would include property and cash.

Graham thinks the group has several advantages in the unit trust sphere: greater research resources, with many direct contacts in the markets where smaller groups would go through brokers; a tendency to look long term; and a good deal of muscle when it comes to systems - something for which customers may have cause to be thankful at a time when administrative difficulties are rife in the industry.

One might also add that the Widows has a reputation to keep up and a long history - both reassuring factors when you are looking for a long-term home for your capital.

Dunedin unit trust managing director John Wood also quotes the long-term view, coupled with consistency of performance, as lynchpins of the group's investment philosophy. His dilemma is how to get the group's name known to a wider audience and how to educate the consumer to an investment view which believes in a geographical spread rather than high-risk specialist trusts.

Dunedin works hard at efficient administration and at keeping investors informed. As investment managers, says Wood, "we're a little bit Scottish, too - there's no harm in that. We are further than most from the fray." Many Scottish groups make a virtue of being based in Edinburgh, away from the fast-moving intensity of the City of London.

Investing in a Scottish unit trust group is not a guarantee of performance. Some groups do better than others, and each has its successes and failures. The philosophy is distinctive: generalist funds for steady, long-term performance rather than specialist launches by the handful. And although new to unit trusts, many of the groups have a pedigree which suggests that management competence can be taken as read.

Ambition rules

William Cochrane on three Aberdonians who are thinking big . . .

THE LOWLY rating of the investment trust sector in 1985 brought out takeover predators, or the threat of them. Of the two investment trusts that were managed from Aberdeen, Scottish Northern was unitised and transferred to Murray Johnstone in Glasgow.

Aberdeen Trust, similarly unitised, had its adminstrative, marketing and investment management functions parcelled out, with the latter going effectively to its three executive directors – George Robb, Martin Gilbert and Ronnie Scott Brown.

They are now incorporated as Abtrust Holdings and managing £140m of funds, or twice the amount with which they started in 1985. Of that, £95m is in unit trusts, £4m is pension fund money, £24m comes from private clients and "other" sources, like charitable funds, account for £12m.

Abtrust's unit trust performance, says Robb, is the best in Scotland. But this year it will have to perform against a bigger geographical backcloth following its acquisition last December of Baltic Fund Managers, which gives the company a staff of 25 in Aberdeen and 15 in London.

A month ago Abtrust acquired Atlanta Unit Trust Managers, highlighting its determination to get bigger in this business. Yet, one of the most intriguing things about the management is that it is prepared to put a lot of personal effort into a relatively minuscule offshoot.

In September 1986, after mulling it over for some time, the trio formed an investment company to specialise in providing investment funds to companies in the north of Scotland. "We weren't proving a geographical point," says Robb. "When the two Aberdeen investment trusts were unitised, it left a gap in the market because unit trusts cannot go readily into unquoted shares."

The North of Scotland Investment Company is now capitalised at around £5m and its principal aim is to invest in unquoted companies. Oil industry service, cable television network installation and a clutch of northern hotels form part of its collection.

Just to confuse matters, in 1987 Abtrust also acquired the North of Scotland Finance Company, a small house which has traded successfully since 1932, and increased its capital to £1m to allow the new subsidiary to run a secured lending business.

It is hoped the Bank of England will allow the finance company to acquire a licence to take deposits and develop gradually as Abtrust's banking arm. The corporate finance services of the group are also now being provided through this subsidiary.

Abtrust has big ambitions. It sees a lot of scope in being the only independent in the north of Scotland, and its appetite for acquisitional growth seems likely to keep it in the public eye.

• FINANCE & THE FAMILY •

The cost of loan notes

Following a take-over in July 1986 of shares I had bought in June 1978, I elected to take loan notes, bearing interest at money market rates, instead of cash.

I have index-linked the original cost of the shares to July '86 to give the cost of the loan notes at that date. I cashed in some of the loan notes in September 1987. I would like your advice as to whether the cost of the loan notes can be index-linked from July 1986 to September 1987 to reduce the amount of the Capital Gains involved.

If the loan notes were "corporate bonds," as defined in section 64 (2) of the Finance Act 1984, the answer is no. By virtue of paragraph 10 (1) of schedule 13 to the Finance Act 1984, the chargeable gain arising last September has to be calculated by reference to the market value of the old shares at the time of the exchange (subject to the part-disposal rules).

If the loan notes were not "corporate bonds," the answer is that the cost of the old shares should be indexed straight through to the redemption of the notes last September (subject to the part-disposal rules), by virtue of paragraph 7 of schedule 19 to the Finance Act 1985, in conjunction with section 85 (3) of the Capital Gains Tax Act 1979.

If you do not know whether the loan notes were "corporate bonds," ask the company which issued them to you. However, this is a point which must have been explained in the takeover offer document, so presumably you do know whether they were or not. If you have not already done so, ask your tax inspector for the free pamphlet on indexation relief for listed shares etc., CGT13 (1986).

Insurance wrangle

I would appreciate advice on how to resolve a dispute with my building society over the amount of house insurance I should have. In September 1985 the building society agreed to an insurance valuation figure of £55,400. In 1987 I had a loft conversion built at a cost of £9,000. To pay for this I increased my mortgage by £10,000 to £25,000.

Prior to giving me the further loan the society revalued my property and has insisted that it be insured for £93,100. I have had the house independently surveyed and the surveyor suggested a figure of £70,000. The society refuted this valuation and was adamant that I must insure for theirs.

I find it most annoying that the society can insist on their valuation when their stake in the property is so small. The property has a value of around £160,000, but this is due to its location and size of garden, not to its size. What is the best course of action?

There is little you can do, short of re-mortgaging your property with a more amenable mortgagee. However, you must remember that the value which you have to consider for insurance purposes is not the market value of the property, but the cost of rebuilding in the event of total destruction of the property: on that basis your lower valuation may well be insufficient.

Help for nephews

TWO of my nephews are buying their first homes, unfortunately for me both at the same time.

I am in a financial position to help them in their purchases, but do not wish to be involved in any taxes or payments to the Inland Revenue. The sum of money involved I expect to be around £25,000 which is well above the £3000 annual exemption.

1. I believe that providing I live seven years (I am 62) no capital transfer tax will be involved immediately or after the seven-year period.

2. How do we involve the Inland Revenue? Do I and my nephews declare the gift on our tax returns?

3. An alternative way helping them could be with an interest-free loan; does this have any tax complications?

If I die suddenly, my estate which has low house value compared to cash/share assets, would be involved in some capital transfer tax. Therefore, being a single person, I feel this is the opportunity to reduce my liability in the most tax efficient way.

1. Correct: the tax is now inheritance tax.

2. You declare the gift in your tax return.

3. This is possible, but less useful, as the loan must be repaid to your estate.

Your better course would be to give £3,000 (or £6,000 if you have not used last year's exemption) first, and then to give the balance shortly thereafter, thus limiting the amount which would attract tax if you do not survive the full seven years.

Family decisions

My aunt has recently been taken seriously ill and neighbours have moved her to a nursing home from her own house. I heard a number of days later and visited her to assist as much as possible.

My aunt married late in life to a man who had previously been married and who had a son of mature age. Decisions concerning my aunt's welfare are now necessary and I would like to know who is responsible and who is considered to be the next of kin, myself or the son of my aunt's late husband. She has not given any instructions with regard to her affairs.

You are the next of kin as being a blood relation. Your aunt's step-son is no relation to her in law.

Will details 'withheld'

My brother died last May and two weeks after his funeral I discovered that I was co-executor, together with his widow. Since then my sister-in-law has collected the will from a security box of a bank, but despite repeated requests by me she has told me nothing about it.

My solicitor wrote to her, pointing out rules of the 1968 Concealment of Wills Act and so on. Her solicitor replied by saying that, as all the assets were in joint names, there was no need to prove the will.

Is this correct? How do I stand if the will is contested or complications arise at a future date? Would it be best for me to go to court and ask to cease to be an executor?

It is correct that it may be unnecessary to prove the will. You can renounce probate if you wish not to be sure that the will is not proved without your knowledge.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Moving plea

I recently sold my principal residence and moved to live in a country cottage which I had owned for some years. After about five months I moved again, having bought a new principal residence. I told my inspector of taxes about these moves.

If I now sell my country cottage, at what date do I set my acquisition cost: March 31, 1982, or the date when I moved from it to my new principal residence?

It is a pity you did not seek guidance through the tax maze from the solicitors who acted for you in the purchases and sales. All good solicitors nowadays have someone in the firm who is competent in the tax laws relating to domestic property transactions.

We take it that, before the second anniversary of the purchase contract of the cottage (or of your former house, if that was bought after the cottage), you gave notice to your tax inspector that your former house was to be treated as your main residence for CGT purposes, in accordance with section 101(5)(a) of the Capital Gains Tax Act 1979.

That being so, you should immediately give notice that the cottage is to be treated as your main residence with effect from two years before the date of this notice; before the second anniversary of the purchase contract of your new home, you should give notice that it is to be treated as your main residence with effect from the purchase.

These recommendations are, of course, based upon the inadequate data you provided – so you might have to go back to the solicitors for precise guidance. If so, do it without delay.

The chargeable gain on the sale of your cottage (assuming a sale contract after April 5) will be based upon either the original total cost of the cottage (assuming a purchase contract after April 6, 1965) or its market value at March 31, 1982 (with any sitting tenant on that day), whichever is the higher figure. The rules should be clearer now since the publication of the Finance (No 2) Bill on April 15.

A modest affair: Glasgow Stock Exchange

London's rival

GLASGOW is not normally regarded as a financial centre. But it is home for the only share-dealing "floor" still operating in Britain, following the closure of trading on the London Stock Exchange.

Tucked away in 7 Nelson Mandela Place in the city centre it is, admittedly, quite a modest affair with only two local market-makers. But as the Scottish unit of the International Stock Exchange, all the major stocks are traded via the SEAQ screen network.

The two market-makers, Aitken Campbell & Co. and R.A. McLean & Co., which have no private clients, operate in up to 40 local stocks and compete for business with their bigger brethren in London. There are more than 220 members altogether.

R.A. McLean, which is a completely independent company, says it could not survive if it depended on Scottish brokers alone. But it also receives business from local, north of England or overseas brokers who find Glasgow easier to contact and quicker to deal with than London.

One Glasgow stockbroking firm, Parsons & Co., was responsible for creating the Allied Provincial Securities network which now has 24 branches ranging from Aberdeen to Plymouth.

Anticipating the effects of the Big Bang and the Financial Services Act on the stockbroking community, Parsons approached two potential partners – James Capel, the London-based broker, and Postel, the Post Office pension fund. The upshot was that each took a 24 per cent stake, leaving the remaining 52 per cent to be divided up among the stockbroker members of the new company, so giving them a controlling interest.

Through the link with Capel, member companies are able to provide top-quality research on 400 companies to clients; and Allied Provincial also has sufficient financial resources for the computer systems and technology needed to compete with the banks. The bulk of the membership is in the north but it is developing in the south and recently established a link with the National & Provincial Building Society to provide a stockbroking service.

Although Edinburgh is known better as a financial centre, Glasgow traditionally has been the stockbroking hub in Scotland, drawing on business from local industries although some of these have faded away. But Glasgow still is the headquarters for several leading financial houses – including the Scottish Amicable and Scottish Mutual and FS Assurance life companies – as well as one of the most successful investment houses, Murray Johnstone.

This originally was the investment trust department of a firm of accountants which later became the Ernst & Whinney group. Murray Johnstone was hived off as early as 1968 to avoid a conflict of interests and taken over in 1974 by its main clients, the Murray Trusts, to become completely independent.

It has grown considerably since then, at one stage reaching a peak of £4.5bn in funds spread between pensions, investment trusts, unit trusts and venture capital. It also has established joint ventures with US and Japanese companies to manage international fund portfolios.

Like its Charlotte Square compatriots in Edinburgh, Murray Johnstone is keen to stress that it is a pure investment house with no conflicting interests and can, therefore, concentrate on the main task of managing funds.

The independence and concentration on investment management persuaded Nick McAndrew to leave Rothschilds in London recently to join Murray Johnstone.

John Edwards

Weekend Business

Businesses For Sale

Businesses Wanted

Plant & Machinery

To start our two-page Scottish Travel Special, **Martin Hoyle** describes the Jekyll and Hyde nature of Scotland's capital, one of the great European cities. Its neo-classical grace outdoes Bath. And we take a luxury train ride north of the Border.

Edinburgh — the genteel and the sinister

THERE IS a school of thought, probably originating among Yorkshiremen but not confined to them, that the further north you go in the British Isles the more civilised life becomes. Edinburgh remains the living proof of this, though – as elsewhere – civilisation has been acquired at the price of a certain schizophrenia.

For Edinburgh is the Jekyll and Hyde city. One local son, the respectable Deacon Brodie, inspired that chilling tale of dual personality from another (Robert Louis Stevenson), and until recently the sedate and the sinister rubbed shoulders.

Even in the Sixties one turned from the elegance of Princes Street to its (literal) parallel, the narrow Rose Street, with its red light areas and occasional pubs that smacked more of pre-war Berlin than the granite stronghold of John Knox. Up in the Old Town police would warn Festival-goers to travel in groups at night along those cobbled wynds and closes, and a stage production of the Dylan Thomas screenplay about body-snatchers Burke and Hare had nervous playgoers scuttling back to their lodgings as if expecting the murderous meat-suppliers to emerge from the towering tenements or darkened alleyways.

For, like the Scots character, Edinburgh is a mixture of the repressed and the riotous. The duality is still apparent, despite the blandness concomitant with tourism, development and breathtakingly crass local government. Just below the castle, the church of Tollbooth St John has the builders in. It no longer advises us in Gaelic about services in the old tongue but promises "the Edinburgh experience."

Rose Street is the ultimate in pedestrianised chic. Princes Street is now your average High Street - albeit boasting a staggering view - with telltale signs of the unbelievable, mercifully aborted, plan for Sixties uniformity (ground-floor shop-fronts, first-floor walkway) borne like crippling battle-scars.

Yet the city is one of Europe's marvels. As Muriel Spark's Miss Jean Brodie never tired of telling her charges, Edinburgh is a great European capital. The Englishman feels he is abroad: those stepped gables and jostling courtyards have more in common with continental Europe than south Britain – the town of Hume and Adam Smith and Smollett.

The medieval city-plan can be discerned in the Royal Mile, the road that slopes from the castle on its peak down to the palace of Holyrood House, and the tenement courtyards and alleys that lead off it – from one of which Wordsworth beat a distressed retreat to avoid the urchins who, spitting on him from an upper window, combined nationalism with literary criticism.

But the Enlightenment (much more marked here than in London) has an enduring monument, built as the result of a competition in 1766, a staggering example of modern town-planning in its neo-classical grace and stateliness. Forget Bath, ignore Brighton: Edinburgh's New Town unfolds in serried terraces, Corinthian crescents and lusciously curved circuses, all as stuffed with leafy parks and gardens as an expensive chocolate with liqueur.

If Charlotte Square is the Adam masterpiece, the whole New Town

'The city is one of Europe's marvels. The Englishman feels he is abroad. . . those stepped gables and courtyards.'

offers constant surprises: the rakish oval swank of Ainslie Place; a Royal Circus more lovable than its Bath namesake, set on a slope like a warped gramophone record; the smaller streets for the artisans and tradespeople, equally perfect, reminiscent of Bath before the council-perpetrated idiocies of the last 30 years; the blend of Georgian, Regency and early Victorian.

A stroll along George Street, the spine of the Hanoverian development, constantly ambushes you with views of the castle rock and the medieval city on one side, and on the other the Firth of Forth where the North Sea nudges between Lothian and the green hills of the kingdom of Fife.

Prim, seductive and secretive as the swirl of a crinoline, the New Town traditionally regards the teeming, reprobate medieval city across Princes Street gardens with genteel disdain (and nobody can be more genteel than an Edinburgher), but she has her own ambiguities. Burke and Hare may have plied their trade in the Old Town, but their employer, Dr Knox, lived in the New. And there he remained, after the ruffians had been brought to justice, a black-clad bogeyman freed with that most disapproving, purse-lipped Scots verdict of "Not Proven", frightening and thrilling the local children in those classically-correct pilastered squares.

Like all great cities Edinburgh is made up of villages, none more compact or discrete than Dean. Alas, the serendipity of discovering this almost deserted jumble of mills and warehouses, towers and cottages, one sunny afternoon is merely a memory; gentrification and tactful development have put the hidden hamlet nestling in its valley on the banks of the Water of Leith (it should be Lethe) on the map.

Buildings from the 17th century to the 19th are flanked by green slopes and the backs of tenements high in the distance; the red pinnacles of a Victorian philanthropist's baronial extravaganza form an aptly fantastic focal point to this fairy-tale hollow. The sound of rushing water belies the village's central position; you hear no traffic, but Princes Street is a few yards away.

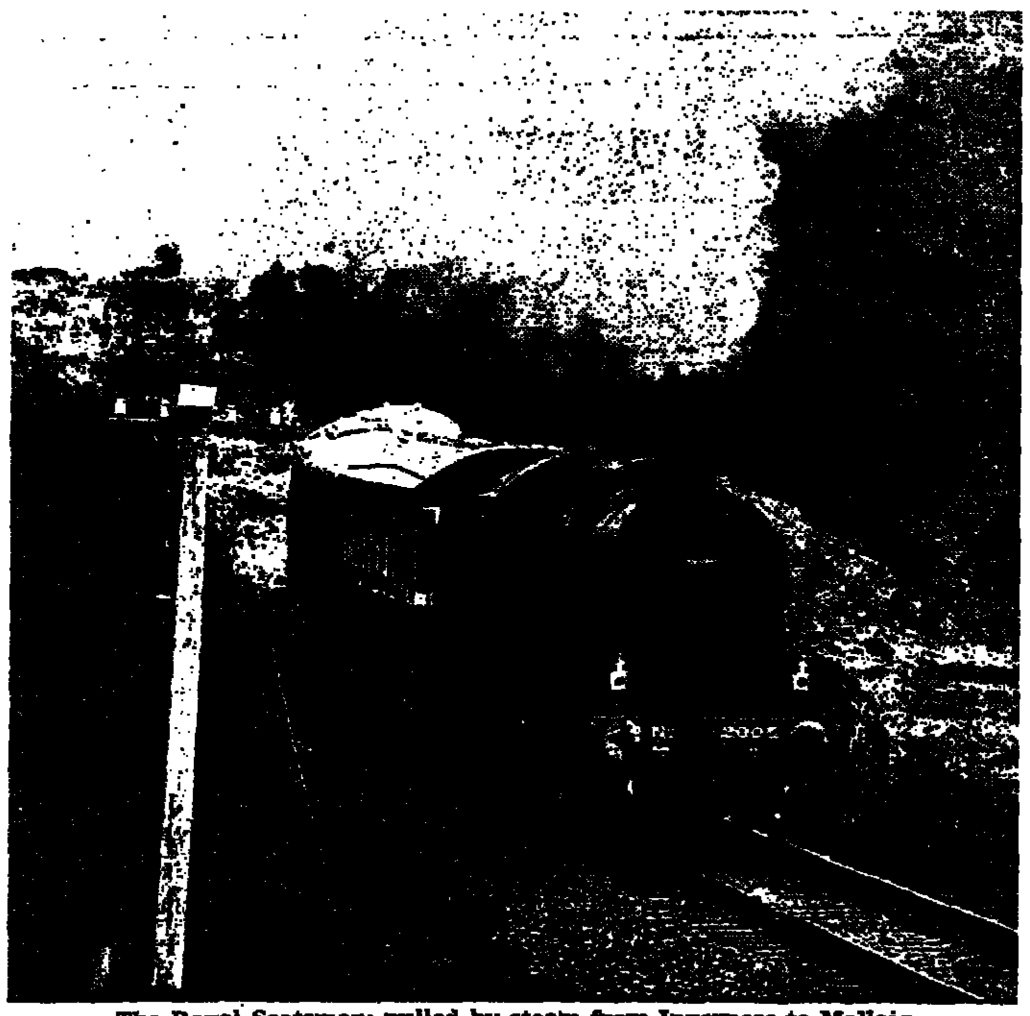
Dean Village is entirely residential. Among communities with shops and urban amenities, Stockbridge has the whiff of a less pretentious Hampstead, a less phoney Clifton. Its terraces and crescents bestride the Water of Leith, advance towards the lovely Botanic Gardens (where the panoramic views of Auld Reekie's spires look absurdly like painted backcloths) and come to rest at the Colonies, an enchanting early Victorian experiment in artisan housing: miniature terraces of two-storey houses, each one a pair of flats, each with separate entrances – including external staircase – in different streets.

The real difference between Edinburgh gentrification and London yuppiedom is dramatically underlined by the port of Leith. To compare its recent rejuvenation with London's dockland is tempting but misleading. No communities are uprooted here, nor does the development result in artificial transplanting to hothouse residential areas: a few minutes by car takes you from the waterside restaurants and converted warehouses to the centre of Edinburgh (equivalent compactness is unthinkable in London). Above all, property prices are geared to normal people, not speculatively-minded gamblers.

While in Leith an incidental pleasure, which could easily become central, is to be found in a characteristic stone pile, a modern club in an 18th century setting above 13th century vaults, where the Scotch Malt Whisky Society continues the great Scots tradition of civilising the outside world.

The English traveller may relish the exhilarating foreignness of Scotland, but not – happily – to the extent of needing a passport for the most fascinating city in Europe.

Castle Hill, top of Royal Mile, Edinburgh



The Royal Scotsman: pulled by steam from Inverness to Mallaig

Annalena McAfee joins the Royal Scotsman on its stately journey through the magnificent countryside of Caledonia.

Slow train to Inverness

THE TRAIN was running late, we were told. Passengers took the news with equanimity, even pleasure. They settled back in their plumply upholstered seats, sipped their pre-prandial cocktails, talked of poll tax, primaries and antique plumbing and watched the unfolding splendours of the Scottish landscape. The later the better.

The Royal Scotsman, with its meticulously restored Victorian and Edwardian carriages, is all laid-back luxury. At £2,600 for six days, perhaps that is as it should be. Its lure to overseas visitors has proved so strong that it earned its owners, The Great Scottish & Western Railway Company, a Queen's Award for Export last week.

Five years ago, the company was operating the Highland Belle, comprising two leased antique carriages and accommodating six passengers and a crew of four. It earned an article in *The New York Times* and within a week the luxury train was booked for the next three years. Unfortunately, the carriages were due to be returned the following week.

But Gerard Morgan-Grenville, the company's chairman, was naturally reluctant to turn away such business, so he set about acquiring the historic carriages that were to form the Royal Scotsman. Perhaps the acquisition that pleased him most was the 1892 observation car, used by the Caledonian Railway of which his grandfather was chairman.

Fresh flowers in every cabin, from stateroom to single, the finest food by French-trained chefs and a barman whose clairvoyant qualities and sleight of hand suggest membership of the Magic Circle – all are characteristics more indicative of the finest hotel and a long way from received ideas of rail travel.

There are, of course, other luxury trains, but only the Royal Scotsman stresses a leisurely pace to the extent that every night is spent parked in sidings rather than on the move, to ensure that passengers get a sound sleep. With only 28 passengers accommodated in a total of nine carriages, there is plenty of space. Interraction with fellow passengers is courted rather than endured.

"We appreciate the hospitality of our ancestors," one American wrote in May 1985 in the visitors' book, housed in a desk drawer of the elegant wood panelled library carriage. The gentleman with such a strong sense of history and identity hailed from Atlanta, Georgia, and went by the name of Dante Stephenson. Returning descendants of those shifted brutally from Scotland in the Highland clearances, and those with more dubious claims to the kilt, are pampered like lairds as they journey through mountains, moors, glens, and forests.

A New Yorker who wrote in the visitors' book that she found the Royal Scotsman "a nurturing experience," might well have been referring to the standard and quantity of the food. Working their way through an impressive selection of malt whiskies, passengers hear stories of Scotland's old foe and its auld alliance, of Bonnie Prince Charlie and the fair Flora.

Scottish Tourist Board guide John Cowan, a redundant engineer from Clydeside, sports a kilt and winningly sings "My Love is Like a Red, Red Rose" and the "Bonnie Bonnie Banks of Loch Lomond."

The itinerary takes in both east and west coast as well as the central Highlands and includes guided trips by coach to castles Stirling, Glamis and Brodie. Throughout the six days, passengers are also invited into the private homes of the Scottish gentry, reinforcing the sense of privilege.

A steam locomotive replaces the diesel engine on the Fort William to Mallaig route. Passengers travel on the spectacular North Highland line from Inverness to the Kyle of Lochalsh, considered by many railway buffs to be among the best rail journeys in the world. From there they journey to the Isle of Skye, where the talk is again of Bonnie Prince Charlie. Here John Cowan promises to teach passengers the "Skye Boat Song."

But it isn't mere tartan tourism. The Royal Scotsman offers a means of seeing one of the most beautiful countries in the world in constant comfort, at a leisurely pace, away from the tourist traffic at the height of the season and, possibly most important, out of the rain.

● The cost of a six-day tour starts from £2,240 per person. Fares for a three-day tour of the west start from £960 and a four-day tour of the north and east starts from £1,280. Journeys begin in Edinburgh. Booking through Abercrombie & Kent, Sloane Square House, Holbein Place, London SW1W 8NS. Tel: (01) 730 9600.

Angela Wigglesworth goes on a Seafari to the islands of Muck, Rhum and Eigg

Hebridean overture with birdsong

EIGG has a population of 70, Rhum 40 and Muck 30 and it is to these three small islands of the Inner Hebrides that boatman Murdo Grant is running his new Seafari holidays. "We found many people wanted to see more than one island but because of the official ferry time tables, they seldom managed to do so," he said, as we sat in the cosy saloon of his twin-engine boat, MV Shearwater, heading for Eigg (pronounced egg) 12 miles across the water from the mainland. "On the Seafari they'll have two nights on each island."

Eigg is five and a half miles long by four wide. Cormorants and seals perch on the harbour rocks, and golden eagles nest in the Sgurr of Eigg, a 1,291 ft. high block of pitchstone lava that seems to watch like a crouching lion over the island. The island's owner is Keith Schellenberg, who bought it in 1976 and planned to create a craft centre there. But the project failed. Some of the young craftsmen stayed on and now sell their work from Maggie Fyffe's hospitable kitchen.

There are two main communities, and on the road between them lie the village shop, the primary school for nine children, a church and the doctor's house. To the north are the Singing Sands (so called because of the sound the rounded grains of quartz make when rubbed underfoot): a place where otters play on the beach and the rocks are strangely shaped.

We reached it by walking across the fields from Cleadale, where narrow burns channel the soft grass, a sweep of pink heather and golden bracken on the hills. To the south east are the ruins of the tiny chapel of St. Donnan, the 7th century priest who brought Christianity to the islands; and a graveyard where Catholics lie buried close to the chapel, the Kirk of Scotland islanders relegated to the outskirts. The Reformation, I was told, never reached Eigg.

We found an almost hidden path through the woods around Kildonnan Bay where the light at mid-day was as white as moonlight and a solitary grey heron stood motionless on the sand. We gathered handfuls of tiny shells on Cowrie Beach and found golden chanterelle mushrooms in a wood where a spectacular waterfall gushed down sheer rock through the pine trees.

At Grunlin we saw all that remains of crofters' once-busy cottages, now just a haunting jumble of low stone walls. On the shore below is the huge MacDonald Cave where in 1577 the MacLeods of Skye suffocated 395 islanders seeking refuge there, by lighting a fire at its narrow entrance. A few hundred yards to the west is Cathedral Cave with its high arched roof, the inner chamber used for services during years of religious persecution.

Peggy Kirk's 300-year-old farmhouse on the edge of Laig Bay is a lovely place to stay. The bedrooms are prettily decorated and mine had magnificent views across the bay where the surf roars up one and a half miles of white sand. Mrs Kirk is an excellent cook: broccoli soup, smoked mackerel quiche and whiskey pudding for dinner one night, real porridge for breakfast.

There were gourmet meals, too, on Muck, the smallest of the islands at two miles across by one deep. Lawrence MacEwen farms its 1600 acres and his brother Ewen runs the eight-bedroomed hotel (the only hotel) that took him six years to build and where he now does all the cooking. From the restaurant window you can, in ten minutes, see the sky change colour as many times.

You can walk round Muck (Gaelic for Island of Pigs or Porpoises) in a day and that, said Ewen, is part of its attraction. "People feel they belong here very quickly, and with six sandy beaches and no cars it's ideal for families with young children."

I climbed Ben Airein, at 457 ft the highest hill on the islands, passing the beach where in Napoleonic times they burned seaweed to make gunpowder. At the top there was a marvellous if misty view of the mainland and other islands. Skylarks sing here in early summer, puffins drop in for a few months in May, and it's home for buzzards and kestrels. In fact over 50 species of birds nest on Muck. At low tide you can walk across to Horse Island, a mass of wild flowers in summer and a haven for guillimots and shags.

Each island is completely different in character and landscape, and Rhum startlingly so. Eight miles by eight and a half, it's wild, mountainous and bleak. Some 60m years ago its peaks were pushed up from the earth's crust by volcanic action and most visitors come to explore its natural history and geology. In 1957 it was bought by the Nature Conservancy Council to use as an outdoor laboratory and its employees are the only permanent residents. You can walk over rough tracks to see the giant crater, climb rugged peaks some 2000 ft high, and see red deer, grey seals, golden eagles, Rhum ponies and Highland cattle. It has the largest colony of Manx shearwaters in the world and in summer orchids, gentians, primroses and bluebells grow in profusion

It also has Kinloch Castle, built in 1901 by the island's owner Sir George Bullough "the stone embodiment of good King Edward's reign," according to John Betjeman. It's now run as an hotel and little seems to have changed since those early years, including the central heating system, Lady Monica's Withdrawing Room, and the chandeliered ballroom with minstrel's gallery. In the hall, an orchestrion (mechanical organ) built for Queen Victoria, plays 264 operas. The bathrooms are resplendent with mahogany-encased baths whose many brass lever taps shoot out water at various body levels, producing a kind of Victorian jacuzzi.

You can also stay at the island's only shop and Post Office, where Patricia and James Macivor will give you a friendly welcome, excellent dinner (roast venison when I was there), comfortable bed and good breakfast.

The Seafari isn't a guided tour but it is a marvellous way to see these tiny islands and discover their wild life and wild flowers and that very special quality that only small islands have. If the weather isn't good enough for the Shearwater, you can take one of Caledonian MacBrayne's much larger ferry boats.

● The Seafari runs from May to September and costs £287 for one week or £187 if you forego the grandeur of Kinloch Castle for the Macivors' more modest accommodation. The price includes transport by boat from Arisaig near Fort William; bed, breakfast, evening meal and picnic lunch. Arisaig can be reached by rail from Fort William: British Rail run a sleeper from London that takes about 12 hours but, inexplicably, there is no restaurant car or Great British Breakfast.

BRIEFING

Road to the Isles

BRITISH Airways (01-897-4000), British Caledonian (01-668-4222), British Midland (01-581-0864), Air UK (01-249-7078) and Dan Air (01-638-1747) fly to Scottish destinations. Fares start from £79 return to Glasgow.

By road, the M1 and M6 are the quickest routes. Edinburgh and Glasgow are about 400 miles from London, so allow a comfortable eight hours, including stops.

British Rail Inter-City travels from London to Edinburgh or Glasgow (from Kings Cross or Euston respectively) in about five hours from £42. Overnight sleepers operate from London and Bristol to Edinburgh, Glasgow, Dundee, Perth, Aberdeen and Inverness. Details from British Rail:(01) 387 7070.

●

FOUR major British travel agencies have combined with British Airways to launch special interest holidays in the Orkney and Shetland Islands. Bird watching and trout fishing are among the programmes offered. A six-night self-drive trip starts from £213, with flights from London, Birmingham, Manchester, Edinburgh, Glasgow, Aberdeen and Inverness.

●

GREATER Glasgow Tourist Board is offering to arrange tailor-made holidays to coincide with the city's Garden Festival. Accommodation offered in and around Glasgow includes city flats, traditional cottages, modern chalets and even caravan sites as well as city centre hotels and country house hotels. Potential visitors are invited to complete a form detailing the type, and cost, of accommodation they seek.

Further details from Greater Glasgow Tourist Board, 39 St Vincent Place, Glasgow G1 2ER. Tel: (041) 227-4885.

●

ABERCROMBIE & Kent has launched a programme of all-inclusive Scottish country house weekend breaks. For £249 per person, the company offers return flights from London, car hire and two nights full board in one of six Pride of Britain Scottish country house hotels. Fishing, shooting, riding, tennis, croquet and golf can be arranged.

Further details from Abercrombie & Kent Travel, Sloane Square House, Hobein Place, London SW1W 8NS. Tel: (01) 730-9600.

●

ABERDEEN University is offering seven-day guided walking holiday for £160, including meals and accommodation in the university's Johnston Hall, Old Aberdeen. Grampian Wild Land Guides will lead tours on Donside and Royal Deeside, exploring the wildlife and fauna of the hills and moors.

Other tours available during the university's summer vacation include study breaks on castle heritage, the natural history of north east Scotland and genealogy. Activity holidays include cycle touring and archery.

Further details from Kings College, Aberdeen AB9 1FX. Tel: (0224) 272664.

●

THE Scottish Tourist Board produces an excellent publication listing events in Scotland throughout the year, from Glasgow's *Mayfest* to Pittenweem's Strawberry Fayre and the Banff & District Accordion and Fiddle Club ceilidh.

Contact the Scottish Tourist Board, PO Box 15, Edinburgh EH1 1UY, Tel: (031) 332-2433. In London, the Scottish Tourist Information Centre is at 19 Cockspur Street, Tel: (01) 930-8661/2/3.

●

AMONG Scotland's superlative pleasures are its gardens. Scotland's Gardens Scheme at 31 Castle Terrace, Edinburgh, publishes a list of public gardens open daily and of private gardens open to the public at certain times of the year. Inverewe in Wester Ross, which benefits from warm Gulf streams, boasts thriving exotic species, as does the public garden in Port Logan, Galloway.

The National Trust for Scotland at 5, Charlotte Square, Edinburgh, provides information on Scots gardens as well as on the many Scottish castles and fortified houses which span the medieval and Victorian ages.

Annalena McAfee

Scottish photographs in this edition are by **Tony Andrews**

Michael Wigan describes rich flora and fauna

Unsung splendours of Sutherland

APPEARANCES confuse even those who should know better. The county I live in, Sutherland, is frequently referred to, not least by conservationists, as an important wilderness area. Yet it possesses a uniquely rich density and diversity of Britain's fauna and flora.

Half of our 1,800 species of wild plants and flowers are present, and what looks to the casual eye like an empty tundra metamorphoses in summer into an ocean of tiny colours and sweet aromas. This herbage is exploited by deer and sheep, sometimes in a fascinating way. As spring makes its painfully slow breakthrough in April, deer are found "moss-cropping," extracting from the ubiquitous sphagnum moss the minerals which their bodies at lowest ebb demand.

Early spring, not midwinter, is when many animals perish: when the first rich new shoots prove too powerful for unacclimatised stomachs. In late autumn, after the grass has died off, sheep will forage way out onto the inhospitable ridges and again crop the mosses to build up their reserves.

Sutherland has western, eastern and northern seaboards, and from coast to coast constitutes one enormous deer forest crossed only rarely by lonely one-track roads. Nowhere else do red deer enjoy such a large, undisturbed habitat, for Sutherland is more fortunate than the Grampians in having few Munros (hills over 3,000 ft), and brightly-emblazoned hikers adorning the ridges are an uncommon sight.

The rolling terrain of east Sutherland, known as the flow country, encourages the deer to move in huge parties, like plains antelope in east Africa. On one hillside in early August I have seen 800 stags in one congregation, grazing steadily across the face of the hill into the wind and holding the higher ground to keep off the flies.

As the rut approaches towards September 20 the stag parties break up and mingle with the hinds, whom they may attend untilNovember. The exhausted stags then stumble, bellies drawn up, wasted and listless, back to their traditional wintering grounds. It has been shown that a stag will travel 50 miles in 24 hours during the rut, and it is an extraordinary thing that he will go so far, passing many hind populations, before stopping to deposit his genes in a particular group.

The mechanics of the rut, stag travelling and deer's methods of avoiding inbreeding have not been studied, though Sutherland's generous latitudes are where it could best be done.

Hind groups are more organised and built around a family structure. They have better survival instincts and occupy a definite terrirory, or "heft." Where I live there is one party of 200 hinds hefted to a wide, formerly cultivated grassy basin, but more typically hind groups will be of 20 or 30. The leader will be about eight years old, and she will select feeding and resting areas depending on sun and wind.

Behind her will trot her recent calf, then last year's calf. The rearguard lookout will be an old hind normally without a calf. In undisturbed conditions the hind will return to her own birthplace to drop her calf. Observing calving hinds, and the little spotted calves tottering after their mothers almost straight after birth, with their curous mewing bleats, is one of the pleasures of the hill in June. Wild hinds have a calving success of 30 per cent, and it is a testament to harsh Highland conditions that farmed deer calve at around 90 per cent.

The rapid spread of commercial forestry in Sutherland, depriving red deer of wintering ground, has brought with it a proliferation of roe deer. The roe, also an ancient native species, is an extraordinarily astute and shy creature. How many roe stalkers have not found at the end of a frustrating series of engagements with an elusive individual that they have become the watched and not the watcher!

Roe are strictly territorial, and I believe that their sudden appearance far out on the open hill is explained by population pressure in the woods forcing individuals to seek new ground.

Wildcats, badgers, and foxes have also moved into the warmer confines of the conifers, and thrive there in greater densities than on the moorland. We have a single old brock who has created a veritable hill fort of sandy soil in his years of solitary tunnelling far out in the deer forest.

I run a springtime business through to July with groups of birdwatchers. Without being unduly diligent we regularly clock up over 100 species in a week, from a list of around 125. This includes some of Britain's most romantic birds, such as the black-throated and red-throated divers with their soul-plucking wild cry, and the winter whooper swans whose eerie honking hauntingly evokes the spirit of the northern hemisphere.

Eagles are increasing in numbers and during most of last summer I could go to the hill with the certainty of seeing one, either eating up the miles with a deceptively rapid glide, or soaring on motionless wings at high altitude. I alsowitnessed an osprey plunge into a hill loch feet first, emerge with a trout held below it like a torpedo, shake off the water, then circle higher and higher till it disappeared into the sky's blue bowl.

Touch of Class

Crenellated comforts

This week: Tullich Lodge, Aberdeenshire

TWENTY years ago, Hector Macdonald was lighting the coal fire of his Edinburgh apartment when his eye was caught by a property advertisement in a newspaper he was about to consign to the flames. Tullich Lodge, a fine Victorian house in Scottish Baronial style, was up for sale in Aberdeenshire. By the end of the week, he and his friend Neil Bannister, experienced hotelier and Master Innkeeper, had secured the property and embarked on their plan to create a fine country house hotel.

Two decades on, they have reason to be a little smug. Tullich Lodge has been restored to a splendour which would delight its original owner, advocate William Reid, who built the crenellated, turreted, granite residence round about the time Victoria and Albert moved up the road to Balmoral Castle. Mr Reid would, however, be more than a little surprised by the produce emerging from the kitchen of his former home.

No Victorian cook could have hoped to rival Neil Bannister's elegant cuisine, lauded in many international guidebooks. Tullich Lodge was the first restaurant to offer a dinner menu without choice and there have been no complaints and many repeat bookings.

Hector concentrates on the interior design and, in the three winter months the hotel is closed, re-upholsters the antique furniture and restores the mahogany and oak panelling. He has also carved a garden from the six acres of dense wood that once concealed the house. Tullich Lodge is not an intimidatingly grand house. It is comfortable and faintly eccentric. A handsome Broadwood grand piano graces the drawing room and visitors are tactfully warned that it responds only to early 19th century music.

Visitors come to shoot, fish, play golf, visit the nearby medieval castles, to walk in Glen Muick in the shade of Lochnagar past waterfalls and herds of grazing deer, or simply to rest. With only 10 rooms, the atmosphere is discreet but intimate. Hector Macdonald and Neil Bannister say that all hoteliers are failed actors. Two decades after their debut, they still relish their daily performance at Tullich Lodge.

● One night room and breakfast costs £57. Dinner, room and breakfast from £60. Tullich Lodge, by Ballater, Aberdeenshire, Scotland AB3 5SB. Tel: (0338) 55406. It is about one hour from Aberdeen by road. Hector Macdonald will pick up guests from Aberdeen Airport or railway station in the hotel's 1954 silver Bentley.

Annalena McAfee

Holidays & Travel

Personal

Motor Cars

Legal Notices

No. 002295 of 1988

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER of ELECTRON HOUSE PLC
- and -
IN THE MATTER of THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 18th day of April 1988 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company amounting to £2,770,859.81.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Warner at the Royal Courts of Justice, Strand, London, on Monday the 9th day of May 1988

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

DATED this 30th day of April 1988

LINKLATERS & PAINES, (A.Rob).
Barrington House,
59-67 Gresham Street,
London, EC2V 7JA

Solicitors for the Company

Contracts & Tenders

ONADEP 5
SECTION 1
INVITATION FOR BIDS

DATE OF ISSUE: 30th April, 1988

LOAN NO: 1838 UNI

IFB NO: ONADEP 5

1. The Federal Government of the Republic of Nigeria has received a loan from the International Bank for Reconstruction and Development (The World Bank) in various currencies for the Oyo North Agricultural Development Project in Oyo State. It is intended that part of the loan will be applied for the purchase of Agro-Chemicals generally required for the operations of the project.

2. Oyo North Agricultural Development Project now invites sealed Bids from eligible Bidders for the supply of the following items underlisted.

AGRO-CHEMICALS

GROUP	DESCRIPTION	QUANTITY
1.	Atrazine and Metolachor (500 FW formulated)	40.000 lts
2.	Atrazine and Alachlor (formulated)	10.000 lts
3.	Glyphosate	5.000 lts
4.	Metolachlor and Metobromuron (500 EC formulated)	10.000 lts
5.	Pendimethalin 500 EC	5.000 lts
6.	Propanil (120 g/l) and Fluorodifen (200 g/l) (320 EC formulated)	2.500 lts
7.	Oxadiazon 25 EC	2.500 lts
8.	Metalaxyl (10%) and Carboxin (6%) and Furathiocarb (34%)	1.500 kg
9.	Carbofuran 3G	1.000 kg
10.	Thiram 25% and BHC 20% formulated	500 kg
11.	Cypermethrin and Dimethoate (25 EC formulated)	10.000 lts
12.	Cypermethrin 10 EC	10.000 lts
13.	Decamethrin 2.5 EC	500 lts
14.	Carbaryl 85% WP	5.000 kg
15.	Pirimiphos Methyl (25% EC) liquid	20.000 lts
16.	Pirimiphos Methyl (2% Dust)	15.000 kg
17.	Aluminium Alide	10.000 kg

3. Interested eligible Bidders may obtain further information from and inspect the Bidding Document at the offices of:

1.1 OYO NORTH AGRICULTURAL DEVELOPMENT PROJECT
HEADQUARTERS
AHA ROAD
P.O. BOX 278, SHAKI
OYO STATE, NIGERIA
OR

1.2 ONADEP LIAISON AND COMMUNICATION OFFICE,
QR 804, AGODI RESERVATION
SECRETARIAT ROAD, OFF TOTAL GARDEN,
P.O. BOX 7300, IBADAN,
NIGERIA
TELEX: 331208 ONADEP NG

1.3 HANS MEHR
POSTFACH 10 44 49
D-2000 HAMBURG 1
WEST GERMANY
TELEX: 2162879 MER D

4. A complete set of Tender Documents may be purchased on submission of a written application from any of the above addresses on payment of Nigeria Naira 400, or outside Nigeria, Pound Sterling 60, or US-Dollars $100. All Bids require Bid Security Documents to the value of not less than 2% of the total Bid in the format defined in the Bidding Documents and valid for not less than 120 days from date of Bid opening. Sealed Bids complete with attachments and documentation must be submitted to the Oyo State Tender Board as stated in the Bid Document not later than 10.00 am on 14th June, 1988. Tender will be opened immediately after, in the presence of bidders representatives who choose to attend, the same day, at the above venue in the office of the Military Governor, Oyo State, Ibadan, Nigeria.

J.O. ABE
PROJECT MANAGER AND CHIEF EXECUTIVE
OYO NORTH AGRICULTURAL DEVELOPMENT PROJECT

Company Notices

EBES

Incorporated under the laws of the Kingdom of Belgium

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held on Monday, 9th May 1988 at 11 a.m., at the Registered Office of the Company, Mechelsesteenweg 271, Antwerp, Belgium.

BUSINESS

1. To receive the Reports of the Board of Directors and of the "College des Commissaires".
2. To approve the Balance Sheet, Profit and Loss Account and the appropriation of Profits, for the year ended 31st December 1987.
3. To give discharge to the Directors and "Commissaires".
4. To elect Directors.
5. To elect a ""Commissaire" and to determine his remuneration.

NOTE
Holders of share warrants entitled and wishing to attend or be represented at the meeting should deposit, by 9th May 1988, either their share warrants to bearer or a certificate of their holding issued by their Bankers, at Banque Belge Limited, 4 Bishopsgate, London EC2N 4AD. Thereupon an admission card will be issued.

ABN Bank
Algemene Bank Nederland N.V.
Incorporated in The Netherlands with limited liability
Final dividend for the year 1987

At the Annual General Meeting held on 29 April 1988, a final dividend of Dfls 1.35 per share was declared payable, at the option of the shareholders, in shares and cash or wholly in cash, as from 11 May, 1988.

Shareholders opting for the shares and cash alternative would be entitled to a share premium bonus in the amount of one new ordinary share for every existing 50 ordinary shares together with Dfls 0.65 in cash against presentation of coupons 2 and 1. They will receive one additional ordinary share of Dfls 10.- for every 50 coupons no.2 from the ordinary shares presented at the following offices:

Baring Brothers & Co., Ltd
8 Bishopsgate
London EC2N 4AE
Algemene Bank Nederland N.V.
61, Threadneedle Street
London EC2P 2HH
Algemene Bank Nederland N.V.
61, King Street
Manchester, M2 4PD
Algemene Bank Nederland N.V.
35, Waterloo Street
Birmingham B2 5TL

New share certificates may be distributed in the form of CF-certificates or as K-certificates with coupons no. 3 and following and talon attached.

Stock options not exercised by 15 August, 1988, will be sold and the proceeds held for distribution to holders of coupons no. 2 not presented for payment by that date.

Stockholders opting for cash will be entitled to cash payments of Dfls 0,65 and Dfls 0,70 per share against coupons 1 and 2, respectively. U.K. residents who are liable to U.K. taxes on dividends paid to them and who do not carry on a trade or business in The Netherlands through a permanent establishment situated therein, may have Netherlands dividend tax reduced from 25 pct. to 15 pct. if the coupons are accompanied by a completed form 92VK, which may be obtained at either of the above mentioned offices.

Amsterdam, 30 April, 1988 — The Managing Board

Educational

The Prince and Princess of Wales visited Scotland's second city yesterday to open its festival. **Arthur Hellyer and Martin Hoyle report**

Glasgow – more at home with a garden

EVERYTHING HAS gone right for the Glasgow Garden Festival. The Government, Glasgow District Council, the Scottish Development Agency, joint owners of the site with Laing Homes, the organising company, and the public have all been in accord and enthusiastic about the project.

The 120-acre site, all derelict dockland, had none of the problems of accumulated town and industrial waste that plagued Liverpool in 1984 and Stoke in 1986. Small amounts of zinc and boron left by a galvanising plant were quickly despatched to a proper depository to be buried safely, and so there was no need to import enormous quantities of soil to build up hills and cover debris.

Instead, the flatness of the site and the great basin, in which ships were laid to have barnacles removed, were accepted and exploited. The Clyde flows along the north of the site, and the city's panorama surrounds it – far more visually exciting than is generally supposed. The outlines of the tower of Glasgow University and other fine buildings, fabricated in primary colours, have been used dramatically in High Street, the busy avenue of shops and stalls, which leads from the new footbridge across the Clyde to the ingenious Central Milling Space. This space serves as a rendezvous and dispersal area for visitors to all parts of the exhibition.

Not an inch of space has been wasted. Every few steps one must halt to take in something new, sometimes amusing, sometimes beautiful, often instructive. I have no doubt that those who come once will want to come again, since there is far more to see, even in the permanent exhibition, than could possibly be covered in a single day.

Add to that 27 special shows and thousands of special events, sometimes as many as 70 in a single day, and it is easy to see why the organisers are confident that those who buy season tickets are likely to visit at least ten times. Since more than 100,000 of those tickets had been sold before the show opened, that would seem to guarantee at least 1m through the turnstiles by September 26.

When day-ticket buyers are added to this, it is easy to see why everyone is confident that the break-even figure of 3m visitors will be achieved easily, and the optimists are already looking for a further 1m on top of that.

The entrance charged for adults is £5 and for children £2.50, and this covers all the events and the special features. It will allow you to travel free on the trams to and from the east entrance to the top of High Street as many times a day as you wish.

The miniature railway is there to take you free right round the perimeter of the main exhibition area, including the canting basin, the river entrance now spanned by a bridge. Without any extra charge, you can be lifted 240 feet above the exhibition in the comfortable slowly rotating cabin of the Clydesdale Bank Anniversary Tower to see it all spread below you like a map and to enjoy extensive views of Glasgow and the Clyde.

For real gardeners there are plants by the thousand, all clearly labelled with their botannical and common names and countries of origin. This expertise is carried a stage further in the butterfly house in which rare butterflies fly and their caterpillars crawl among tropical plants, which include a selection of those specially collected for the festival by an expedition to Papua New Guinea jointly mounted by the University of Glasgow and the Glasgow Botannic Garden.

Here, many of the new orchids, begonias, filmy ferns, and so on, which the collectors brought home, have still to be named precisely, but each is identified as closely as possible and bears the initials of the collector and the reference number it was given when it was collected. That brings one very close to the thrill of discovering previously unknown species.

Since there are far too many gardens to be described individually, I will take just one as an example, which is both typical and entirely Scottish. This has been made by the National Trust for Scotland to illustrate the range of gardens under its care from the 17th century formality of Pitmedden to the 19th century luxuriance of Brodick Castle and Inverewe and 20th century ingenuity of Crathes Castle.

It is entirely appropriate that this fine half-acre garden beside the river and almost beneath the slender Clydesdale Bank Anniversary Tower should have been constructed by Dobbies Nurseries, one of Scotland's oldest and most respected firms. When I visited the garden last week, the flower beds were filled with pansies, and there were rhododendrons in plenty in the woodland section as well as tree ferns and palms – an indication of just how mild the west coast can be.

Trees and grass are two items which distinguish this festival from its two predecessors. Previously these tended to look a little tired and unestablished. Here the grass everywhere is in perfect condition and the big well-shaped trees are properly spaced and not one is damagaed or dying. I have the feeling that a team of Rolawn employees is waiting to rush in and relay any sections of lawn accidentally damaged. The trees are robust and securely staked.

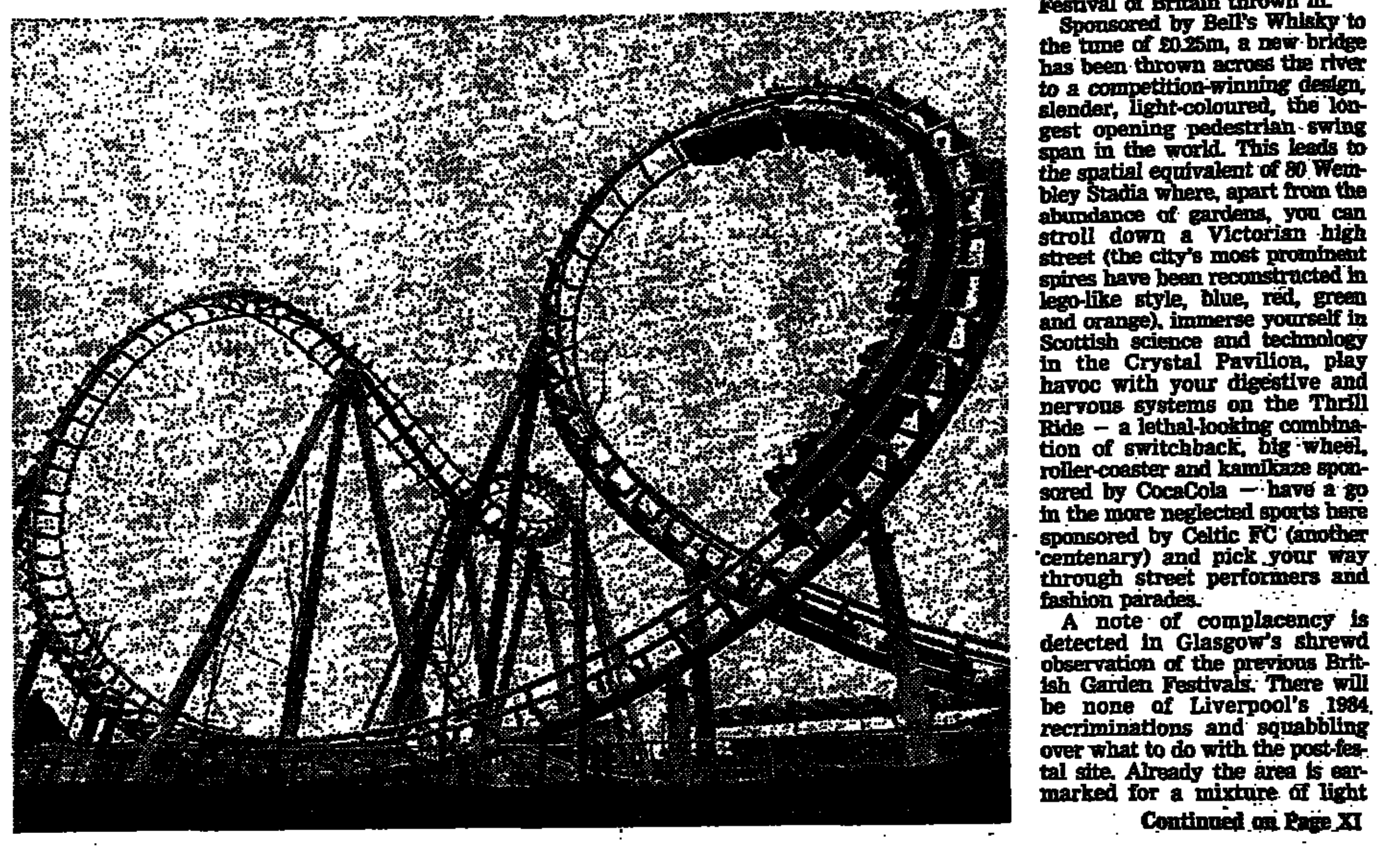
Some 26 of the 27 flower shows will be two to four-day events staged in the indoor show pavilion. They will include shows organised by the Royal National Rose Society from July 30 to August 2, the Royal Horticultural Society from August 5 to 7, and two by the National Association of Flower Arrangers from August 9 to 11 and again from September 12 to 15.

In addition, there will be a Grand International Show from July 1 to 10, which will be staged across the river in the splendid Scottish Exhibition and Conference Centre. Here there will be an international panel of judges under the chairmanship of Lord Aberconway, and it is hoped that in style and quality the display will rival those of continental floralies on which it has been modelled.

Another indication of the involvement of Europe, despite the fact that the festival has not been called international, is that the National Belgian Vegetable Show is to be staged in the indoor show pavilion from September 5 to 8 immediately before the British National Vegetable Society's show from September 9 to 11. Out in the open festival site there are 20 international gardens or exhibits from countries including China, Japan, the USSR, the US, Mexico, Pakistan and Australia.

An indication of the attention to detail that has gone into this show and the degree of rapport with the local population is that, last Sunday, 28,000 Govan residents came in free for atrial run before it was officially opened to the public yesterday by the Prince and Princess of Wales. It will now remain open daily until September 26 from 10 am until one hour before dusk.

A.H.



Fancy a cuppa, then? One of the exhibits at Glasgow's Garden Festival. For those in search of thrills, there is a gigantic Coca-Cola roller-coaster for the young and the brave

BLACK Queen and Red Queen, Edinburgh and Glasgow glower at one another across the narrowest point of Scotland's girth. Auld Reekie's soot-sable grey volcanic façades face the refurbished glow of Glasgow sandstone a trifle redder than usual. The approach of 1990 and Glasgow's year-long apotheosis as European City of Culture has fluttered the doo'cote's of the visual arts, reportedly caused concern at ministerial level and has caused local wags to rebaptise the sumptuous baronial pile that houses the Art Gallery Kelvin*grave*.

Lack of preparedness for a major exhibition contrasts with other C of Cs like Florence (a Donatello blockbuster) and Paris (Chagall and the Impressionists).

It lends weight to those who maintain that Glasgow gives a lower priority to the visual than the performing arts, ominously underlined by the downgrading of the post of the head of the magnificent Burrell – not to mention the indifference of the smaller Glasgow galleries who ignored requests for suggestions.

The ultimate humiliation is the appeal to Edinburgh's treasure chests for the loan of exhibits; and the realisation at local government level that something must be done to widen access to the capital's accumulated art goodies, establish a gallery of international standard, and to rouse Glasgow's flagging interest. (Last year attendance at Edinburgh's National Gallery of Scotland was up by 34 per cent.)

Meanwhile, Glasgow is much happier launching the third Garden Festival. A century ago the then Prince of Wales opened a Great Exhibition; fifty years ago to the month the city hosted the Empire Exhibition; and the present junket spread over 40 hectares of disused dockland on the south bank of the Clyde bids fair to roll them all into one, with the Festival of Britain thrown in.

Sponsored by Bell's Whisky to the tune of £0.25m, a new bridge has been thrown across the river to a competition-winning design, slender, light-coloured, the longest opening pedestrian swing span in the world. This leads to the spatial equivalent of 80 Wembley Stadia where, apart from the abundance of gardens, you can stroll down a Victorian high street (the city's most prominent spires have been reconstructed in lego-like style, blue, red, green and orange), immerse yourself in Scottish science and technology in the Crystal Pavilion, play havoc with your digestive and nervous systems on the Thrill Ride – a lethal-looking combination of switchback, big wheel, roller-coaster and kamikaze sponsored by CocaCola – have a go in the more neglected sports here sponsored by Celtic FC (another centenary) and pick your way through street performers and fashion parades.

A note of complacency is detected in Glasgow's shrewd observation of the previous British Garden Festivals. There will be none of Liverpool's 1984 recriminations and squabbling over what to do with the post-festal site. Already the area is earmarked for a mixture of light

Continued on Page XI

Arthur Hellyer takes time out from Glasgow's festival to look at other garden delights

In Scotland's leafy dells alone

SCOTLAND IS full of fine gardens, many of them open to the public, so anyone visiting the Glasgow Garden Festival and with a little time to spare should try to see at least some of them. An hour or so would suffice to take in the Botanic Garden beside the Great Western Road right in the city; and Pollok House, a couple of miles south of the festival site in Pollok Park which also contains the magnificent Burrell Collection which won the Museum of the Year award in 1985.

The Botanic Garden is notable for its beautiful curvilinear greenhouse, known as the Kibble Palace, and also possibly the finest collections of begonias and filmy ferns in Britain. The garden at Pollok House is an ingenious combination of formal, lavishly-planted terraces and well-ordered woodland. Both are open throughout the year, the Botanic Garden from 7am to dusk and Pollok House from 10am to 5pm weekdays, 2pm to 5pm Sundays.

Given a full day to spare, you could take the ferry from Ardrossan to the Isle of Arran and visit Brodick Castle in Brodick Bay at the foot of Goat Fell. Here are some of the most sheltered dells in Scotland in which the large-leaved rhododendrons of the eastern Himalayas thrive better than almost anywhere else in Britain.

The flowering season of most will have started by the time the Glasgow festival opens, but there are many other fine things in this favoured garden including great drifts of the moisture-loving Asiatic primulas, at their best in June/July. It is open daily from 9.30am to sunset.

About 40 miles to the south of Glasgow, near Maybole, is Culzean Castle, a splendidly-romantic Adam building perched high above the sea with a deeply-sunk, well-protected formal garden on the landward side, an extensive country park and an excellent restaurant. This also is open daily from April 1 to August 31 from 10am to 6pm.

More horticultural excitements await gardeners travelling further south to Dumfries and Galloway. Here are Castle Kennedy and Logan, near Stranraer; and Threave Garden, near Castle Douglas. The first two are open April to September from 10am to 5pm, and Threave all year from 9am to sunset.

Castle Kennedy is a romantic ruin on top of a little hill between two lochs, with a great avenue of monkey puzzle trees leading to Lochinch, the home of the Earl and Countess of Stair whose ancestors made it all. There are also thousands of rhododendrons, azaleas and other beautiful shrubs and trees. Logan, once a private garden but now owned by the Royal Botanic Garden, Edinburgh, still contains most of the astonishing collection of exotic plants built up by the Hanburys and other owners. Threave is run by the National Trust for Scotland as a training school for gardeners and is a fine example of how to retain order and delightfully-sweeping lines of design, yet grow a great variety of plants.

Should you decide to travel east or south-east from Glasgow, you could visit the great woodland and forest garden at Dawyck, rich in rhododendrons, Himalayan blue poppies and daffodils which, in this cool climate, can be still flowering in May. The garden is now run by the Edinburgh Botanic Garden and is open April to September from 10am to 5pm.

The Royal Botanic Garden itself is in Edinburgh, beside Inverleigh Road on the north side of the city; and from its immense rock garden, and also the hillock on which the restaurant sits, there are magnificent views of the city, castle and Arthur's Seat. The new plant house is unique and the collection of plants incredibly rich. The Botanic Garden opens on weekdays at 9am and on Sundays at 2pm and always closes one hour before sunset.

Falkland Palace in Fife is a very ancient building with a mid-20th century garden designed specially by Percy Cane to bring out its romance and beauty. It is open between April 1 and September 30, weekdays from 10am and Sundays from 2pm, closing at 6pm. It opens in October at the same hours but on Saturdays and Sundays only.

Edzell Castle, in Tayside, needed no such modern addition since its exquisite formal garden, enclosed in richly-carved walls with niches for flowers and busts and holes for nesting birds and bees, is preserved marvellously. Built by Sir David Lindsey in 1704, it is the oldest complete garden surviving in Britain. It is open from April 1 to September 30 daily at 9.30am weekdays, 2pm Sundays, closing at 7pm.

There is another very old garden at Pitmedden, 14 miles north of Aberdeen, but it lacks the originality and charm of Edzell Castle. Nevertheless, it should be seen, for few of these 17th-century gardens remain. It is open daily from 9.30am to sunset.

Closer to Aberdeen, at Banchory, is Crathes Castle, perched on a hill in what seems a very exposed position; and yet, in its cleverly-compartmented gardens, a great many plants thrive that would be too tender for most southern gardens. It is open daily from 9.30am to sunset.

Near Crieff, on Tayside, Drummond Castle will astound newcomers with its enormous 13-acre *parterre*, patterned elaborately and revealed suddenly after you have passed through a dark keep and reached the head of a lavishly-ornamented stone stairway leading down into it.

Gardens of a totally different kind await visitors travelling north from Glasgow. They are, for the most part, much wilder than those of the east and south, full of rhododendrons and azaleas which love the peaty soil and moist climate, but also with great trees, many of them coniferous, and surprises like palms and cordylines which seem to belong to much sunnier places. Visitors could stop first at Benmore, also known as the Younger Botanic Garden, another annex of the Edinburgh Botanic Garden and the one in which the finest rhododendrons grow. At the entrance is a superb avenue of wellingtonias, and the garden continues some way up the mountainside.

Even craggier is the prospect awaiting visitors at Craerae Lodge beside Loch Fyne, a little south of lovely Inverary. Much of this garden is in a natural gorge, from the steep sides of which large bushes grow. There are all manner of treasures for plant-lovers here and also at Achamore House on the little island of Gigha, where the late Sir James Horlick established another astonishingly varied collection of plants. To reach it you must take the ferry from Tayinloan, but it is only a three-mile journey and there is a small but excellent hotel close to the jetty to feed and, if necessary, house you should you decide to stay the night.

The culmination of this northern journey should be Inverewe at Poolewe on the Atlantic coast north of Skye. This is one of the most talked-about gardens in Britain, made by the dedicated Osgood Mackenzie. He started with a site so exposed and barren that it took him many years to cover it with soil and provide it with a shelter belt of trees.

From then on there was no stopping it for, despite the gales, the climate is mild thanks to the Gulf Stream. This garden is a treasure house for gardeners and they can come away with seeds and plants of some of the lovely things that grow there. It is open every day of the year from 9.30am until sunset.

Continued from page X

commercial development, parkland (the Festival's landscape and scenery section will be retained) and housing. The latter is seen as particularly important, part of the last decade's resurrection of the inner city and the residential movement back into the centre.

The Festival has been fiercely marketed. Pipe bands were advertising Glasgow even before the Stoke Festival opened in 1986. Saturation publicity was arranged for the one place where all 4,000 British travel agencies could be found (it happened to be Brisbane). Bargain advance ticket deals went like hot baps; a 97-year-old lady investing in an optimistic season ticket long before the Festival opened. Package deals with public transport include arrangements with BR – via Edinburgh, ironically, which at half the size of Glasgow has nearly four times the hotel accommodation.

All of which is vital: of a government input of £35m Glasgow must repay £20m. An attendance target of 3m is aimed for in a country whose population is just over 5m; hence intense marketing abroad. In the run-up to the Festival overseas ticket sales accounted for 20 per cent of the advance.

Of the 120 acres 90 per cent is covered by sponsorship. The elegantly tapering tower that recalls the South Bank's skylon in 1951 will evermore remind the passerby of Clydesdale Bank. Other forms of sponsorship have been more subtle, often in kind rather than money. IBM contributed a sophisticated information system worth £300,000. Through its subsidiary, Scottish Agricultural Industries, ICI gave £30,000-worth of seed.

Glasgow sees its trump card as family appeal, with a special pull for the late teens and early twenties – an age-group that stayed away from both Liverpool and Stoke with enthusiasm. The blend of funfair, trade exhibition and civic improvement is infinitely more appropriate than fitful talk of usurping the international arts festival from Edinburgh. Audrey Christie's momentous remark to Rudolf Bing – "What a wonderful place for a festival!" – could never be echoed here even by Glasgow's most devoted partisans. Any traveller who has been stranded on a wet Sunday in both cities knows that there's no comparison. Glasgow's windswept, litter-strewn expanses of closed shops, closed restaurants and closed faces sum up the bad old-fashioned provincial Sabbath when civilisation as we know it dies a little. Britain's Salzburg it can never be; a northern Disneyland just possibly.

M.H.

Edward Borris, a painter from Paisley, preparing for the garden festival

Ralph Glasser questions Glasgow's transformation and mourns a loss of spirit

A Gorbals boy goes back home

GLASGOW'S HOLD on my spirit is strong, however far from it I go. When I was writing my new book, *Gorbals Boy at Oxford*, I would go back to the Gorbals again and again, and stand on the spot where the old Gorbals Cross monument and drinking fountain used to be, to tune in to my beginnings.

If one of the men in cap and muffler I used to see at Gorbals Cross as a child could see Glasgow as it is now, he would sense a new dynamism breaking through – but alas so long in coming – and the first cautious flickers of a new optimism, and wonder whether Glasgow might at last be pulling itself up by its own bootstraps.

He would have reservations. For a start, the erasure of the old vibrant Gorbals and its replacement by a desert of anonymity is far from uplifting – the old Gorbals, for all its evils and shortcomings, was *alive*. When the City Fathers destroyed it – so determinedly that they obliterated its street plan – the small businesses and workshops, a community's vital economic basis, did not spring up again.

My first school, Abbotsford Place primary, has by a miracle survived, presumably because it is a listed building; and in a corner to the north west a few tenements have been saved and renovated – an affirmation, one would like to think, that despite the cynicism of the post-war epoch, a demand for a sense of place, of spiritual continuity, refuses to be stifled.

For many generations of City Fathers the Gorbals had presented a daunting, unassailable prospect – like the notorious *bassi* of Naples with which it was often compared – unique, charged with disturbing history and passion, full of intractable problems, beyond cure. Never acclaimed for sensitivity, one must assume that they saw only two possible policies - you either did nothing, left the place as it was, or destroyed it. And so they bulldozed away, together with once-handsome Italianate facades, generations of social guilt.

To be fair, they were only following the fashionable mechanistic view that sees people as quite separate from such intangibles as sense of place and emotional associations – simply as units of social engineering.

What of Glasgow as European City of Culture? What would the man at the old Gorbals Cross see in that? Mainly the chance of a job – any job, and hang the culture. And why not? That man thought of himself, even when unemployed, as joined with a great city of *people who made things*, tools and engines, ships, instruments of power.

That was part of the image, tenaciously held "Britain the workshop of the world" and "Glasgow the second city", a sunset vision, for it had been untrue for most of the previous two generations; yet he continued to cherish it, even in the sadness of deprivation. That was culture in the social sense.

As for culture in the other sense, let us call it entertainment, he would say with a cautious shrug: "If it's good for us Glasgow folk – all right." Granted that a major aim of the city-of-culture hype is commercial benefit through tourism, there is good reason for caution. It is at last becoming understood that, though tourism may bring short-term gains, it carries a poison with it; firstly because the market is becoming increasingly saturated, and secondly because the indigenous local culture, in the social sense of the word, becomes debased and gives way to frustration and destructive behaviour. Once the commitment to tourism is made, not only in attitudes but in plant and infrastructure, attempts to reverse or reduce it can be traumatic.

Glasgow, centre of a once great industrial region brought to its knees by a massive economic and technological shift, is certainly trying hard to pick itself up, harder than would have been necessary, alas, if governments had been intelligent and sensitive long ago. When someone is fighting for his life, he has no time for the long-term view. Even so, one must hope that a friendly reminder will do no harm. The long-term view, after all, is simply intelligent self-interest. For Scotland over-emphasis on tourism – an economic and social policy seemingly condoned by successive governments – has already created an unhealthy imbalance.

That being said, if you want your city to present a sympathetic face to visitors, to say nothing of giving emotional uplift to its people, does it help to cut a motorway through the heart of it? Driving from Edinburgh to the Erskine Bridge, I had to be reminded that we were going through the heart of Glasgow, or rather where a segment of it used to be. It had been destroyed to create a trunk route, with the same insensitivity as the erasure of the Gorbals. If you show citizens that the heart of their city is simply a route to somewhere else, how can they feel a sense of place in it and, more to the point, be inspired to enhance it? Walking among the tumbled remains of the old Cumberland Street railway arches a few years ago, I saw poignant relics of the little workshops that used to be a feature of the old Glasgow.

It is a mistake to think that modern technology suits only large enterprises; there is a golden future for those who can adapt high-tech to suit the small enterprise that can best serve local needs – a movement that could re-create that close interaction between where people live and where work is done that brings life to a neighbourhood. Here is a challenge to the city fathers, and to government and the development agencies; if they will bend their efforts to regenerating *local* economic life in such a fashion, Glasgow, to say nothing of other places, will be a happier city.

Ralph Glasser is the author of Growing Up in the Gorbals. His new book *Gorbals Boy at Oxford (c) will be published by Chatto & Windus on May 5 at £11.95, pp.184.

Nineteenth century Glasgow taken from Glasgow's Great Exhibitions by Perilla Kinchin and Juliet Kinchin to coincide with the garden festival. The book is published by White Cockade at £10.95

Robin Lane Fox opens up new horizons in the north

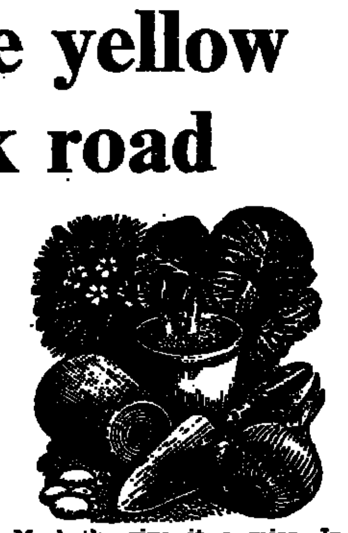
On the yellow book road

"FORMAL GARDENS on unusually steep slope with grass terraces, herbaceous borders, shrubs, etc. Admission 50p."

Scotland has its own Yellow Book of Gardens Open to the Public, which costs £1.40 by post from The General Organiser, 31 Castle Terrace, Edinburgh. It lists over 250 Scottish gardens which are open between April and October; last year, visitors paid about £120,000 to see them. The Gardens Scheme is a charity to which you can covenant and its profits go to funds for nursing, gardens, and retired gardeners. Its list opens new horizons and suggests new holidays at mischievous times of the year. It also suggests some contrasts with the south.

Southerners will notice a different tone from their own Yellow Book in England. It is not simply that Scotland's dovecotes are spelt doo'cotes, or that you sometimes arrive at the garden gate by ferry. The teas are also different – sometimes. Teas turn into juice and biscuits; there is not a hint of cream, let alone clotted cream, but there is some emphasis on "teas under cover" and much more emphasis on home-baking. Dogs, it seems, call for fewer precautions than the disabled, who are warned by wheelchair symbols with words like "partly," "with difficulty," "with assistance," and "slopes." Scottish gardens rely on some truly heroic pushers.

My limited experience of them has been mixed. At one extreme, Scottish gardening is still bogged down in Victorian bedding, with too many coxcombs, tassels and marigolds, even in the muted light of a Scottish summer day. As in England, some of the "gardens open" are not really gardens at all. In England, the intruders are parks with daffodils. In Scotland, they stretch away by the hectare below turrets, keeps and baronial terraces, seducing you with names like Floors, Cawdor, and Glamis. If it reminds you of



Macbeth, give it a miss. In August, you can pay to see miles of rose bay willow herb in Scotland, a weed which southerners banish to their railway-lines. In Scotland, there is not such a dense underpinning of small, civilised gardens. Heather, inevitably, is a problem.

At the other extreme, the best Scottish gardens challenge anything else on offer. Unlike most gardens in the south, many of them have the ideal conditions for plants from the Far East. At Cluny House, Aberfeldy, rarities from the Himalayas actually look as if they are enjoying themselves in a great garden of good plants. In Scotland, master gardeners have the knack of gardening on islands in woodlands, or in settings with natural views. The highland garden of Inverewe is world famous, but Achamore House on the Isle of Gigha is not far behind it, containing a wonderful array of camelias and rhododendrons which have been thoughtfully replanted since 1972. This type of gardening is Scotland's strength. I know of only one herbacious garden which rivals the best of Sissinghurst: Crathes Castle near Banchory, whose magical borders have not lost their sense of colour and style in public ownership since 1952.

To judge from the two Yellow Books, there has been slightly less new garden-making in Scotland than in England, though there is more now than in the early 1970s. There seems to be more restoration, as owners wrestle with the legacy of terracing and baronial showing-off. One familiar northern problem is the walled garden which lies awkwardly to one side of its main house. At Dundonnell in Ross and Cromarty, one of these difficult gardens has been neatly replanted, keeping the old pattern of paths but modernising the planting and even devising a herb garden which overcomes my aesthetic suspicions of herbs.

The further north you go, the more likely you are to see a proper rock-garden. In Scotland, they crop up in landscapes, where they look appropriate. At Branklyn, near Perth, the late Mr and Mrs Renton have bequeathed their two acres of remarkable rock-garden to the National Trust, which has accepted it with help from the City of Perth. It is a plantsman's dream, in the same class as that plantsman's ideal, the rock garden in the Botanic Garden, Edinburgh. At Leith Hall, near Kennethmont, the rock garden has been improved by the Scottish Garden Club in honour of their 150th anniversary. The garden has some Pictish stones, although you have to cope with publicity for the Lairds of Leith and a display called "For Crown and Country."

At Kildrummy Castle, the quarry which helped to build the fortress is now a natural alpine garden whose controlling Trust invites you to "walk in its scented peace." Near Forfar, the gardens at the House of Pitmuies are a credit to the post-war taste and energy of one branch of the Ogilvie family. The colour-planting...

If the travelling becomes too much, you could simply go north, give in to quality and rest content with the best. All you have to do is to find the Botanic Garden in Edinburgh at almost any season. You can then move gently around its outlying stations at Logan, Dawyck and the Younger Garden at Benmore. Each of these gardens opens from 10 am between April 1 and October 31, and between them they would take the gloom out of the darkest year. You will probably end up wondering why you ever bother to follow an "open day" sign on spec during Sundays in the south.

Roy Harris describes the magic that he found in the Orkneys

The centre of northern Europe

ORKNEY IS a world of sky and sea and scattered islands, the result of an ancient landscape largely flooded by a rising sea. Overwhelmingly it is a land of birds. In summer, many of the sea cliffs are massed with breeding guillemots and razorbills, while others hold breeding colonies of kittiwakes and shags.

Fulmars are everywhere. Some of the larger seabirds are quite ferocious. Greater blacked gulls are surprisingly large, like a small goose; they are powerful and predatory. Great skuas, or bonxies, are impressive birds but they are fierce and aggressive and will dive-bomb human intruders, and attack any smaller animal weak enough to make a meal.

Orkney is particularly rich in birds at least partly because it has so few mammals: no foxes, wildcats, pine martens, badgers, stoats or weasels. In fact, no predatory mammals except coastal otters and domestic cats and dogs. Perhaps that explains why, in a land of birds, wood mice are so abundant.

Orcadian skies seem enormous in the virtual absence of trees and buildings. By day they are striking cloudscapes, often painted with rainbows. By night, unaffected by the glow of streetlights, they seem to overflow with stars. Since moving here six months ago we have heard tales of the Northern Lights, known locally as the Merry Dancers, and waited to see them with keen anticipation.

At 7.00 pm we saw a bright, opalescent glow in the north, with lines rising from it to give the eerie effect of a curtain of light. The light seemed static but, as we watched, it slowly faded in one place only to gather strength in another. It was difficult to decided on the colour of the light; definitely not white, perhaps pale green with a hint of yellow. As the display increased in vigour there seemed to be spreading, diffuse zones of light, sometimes seeming very distant but at others appearing at the height of low clouds.

Next to the light zones the sky seemed exaggeratedly black. At first there was a gentle pulsing near the northern horizon but later the lights had expanded to dominate at least the northern half of the sky. By 11.30 pm there were bands of light arcing right across in diffused, slowly throbbing, rhythms. At the peak ofthe display the sky seemed vibrant with pulsing energy.

Many migrating birds both come to and pass through here. Ducks and divers come for the winter and large flocks of Scandinavian thrushes pass through on their way to the abundant harvest of hawthorn fruits, hundreds of miles to the south. Whooper swans flying over, or feeding in a grass field next to the sheep, are always impressive; but even they fail to rival the geese.

Autumn brings a succession of flocks. First the pink feet and then, shortly after, the grey geese, and later the barnacle geese. Some days thousands fly over, a few flocks several hundred strong, but usually smaller groups of 30 or so.

By mid-December the sun does not rise until 9.15 am and it has set again by 3.15pm. On clear days red-orange light tints any clouds in the southern sky and then the red disc of the sun climbs sluggishly out of the sea. Even by midday, it has managed to struggle little more than a quarter of the way up the sky, before it starts to fall towards the sea again.

It disappears from view but then casts up the most amazing reds and oranges to wholly tint the evening sky. At its brightest, this winter sun is so low in the sky that its rays come shafting across the earth as a sidelight.

The sun is very welcome, especially shining out of a clear sky. Even in the middle of winter it has a hint of warmth to give the faintest promise of spring. But it, is a strange, oblique light, especially to an eye grown accustomed to the sun that shines 600 miles south. It seems to create the illusion of illumination. Things appear brightly lit, but when you look to see details on the ground they suddenly grow confused among a complex forest of shadows. It shows faint patterns in the rock shelf along the shore, left by wave ripples in the sand petrified aeons ago.

Having learned in childhood that the sun rises in the East and sets in the West, it is strangely discomforting to find that this Orkney winter sun has its own rules and spends almost all its time in the south. On days when the sun is obscured by a thin layer of cloud, red sunrise patterns can be seen acrossthe southern sky all the brief day.

If December sunshine here can seem uncanny, the heavily overcast days are simply gloomy. The low sun lacks the strengthto penetrate thick cloud and it does not seem to get properly light all day. Such days pass in murky twilight. Too many like this, in succession, can be depressing.

Orkney does not conform to the popular conception of a northern climate either. The extremes of temperature are tempered by the sea and while, typically, summers are cool, winters are generally mild. The average minimum winter temperatures are higher than those in London. However, the term "wind chill" was probably invented to describe Orkney weather. The air is very rarely still, while gales are commonplace.

Venturing outside in such conditions can be daunting. Emerging from the shelter of the house is like walking into a wall of tearing, buffeting energy.

Working outside in the wind is exhausting. Simple tasks become suddenly arduous when it is a struggle just to walk against the wind. Carrying anything reasonably large becomes a real challenge.

The speed at which the wind gathers strength can be awesome, but it is comforting to remember that it can die away just as rapidly. A night when the world is in the grip of wanton force can be followed, short hours later, by the magical beauty of a still morning bathed in sunlight.

Longitude can be deceptive. I knew with absolute certainty that Orkney was off the north-east coast of Scotland. Therefore, by definition, it is in the north east. It comes as something of a surprise to find that most of England actually lies to the East of Orkney, which is on the same longitude as Dorset.

It seems self-evident that Orkney is one of the far-flung parts of Britain. Those in doubt about precisely where it is to be found might well be just as unsure after consulting a map of the British Isles, for Orkney is one of those places much hated by cartographers. Its crime is that it will not conveniently fit onto a conventionally drawn map. Like Shetland, it is often imprisoned in a little box and plonked according to design and whim, rather than geography.

But perception of location is subjective. To an Orcadian, anything beyond the Pentland Firth is regarded as south. From here, it is easy to see Edinburgh as a remote southern bastion and London disappears into a very distant blur. It has been suggested that Orkney is the real centre of northern Europe and, blasphemous as this might sound in the home counties, a few quick calculations show that Kirkwall is equidistant from Reykjavik, Stockholm, Paris and Berlin. Iceland is nearer than London and Norway is just a short step further than Edinburgh.

• PROPERTY •

Buying in Scotland: **John Brennan** looks at what's available, the demand, and what you could pay

Part of the Glenmoriston estate, just 27 miles from Inverness, which is expected to fetch at least £3m

Lured by the sporting life

"IT'S NOT called *shooting* deer, it's *stalking*. You're not supposed to be able to walk out the door and bang away . . ."

Bob Crozier, of Strutt & Parker's Edinburgh office, dismisses laughingly one naïve solution to the imbalance in the country property market in Scotland. Demand for sporting estates has never been higher, interest in farmland rarely lower. But boosting interest in farms by stocking them with deer, substituting grouse for chickens and dropping a few fat salmon in the pond would not be . . .well . . .sporting.

Stalking real Scottish sporting estates has, on the other hand, become a positive passion for a select group of wealthy buyers. After London-like price rises in the value of Highland estates in *the past few years, Crozier says:* "You would get a perfectly serviceable place, with a good house, for £300,000 to £500,000; but if there was any decent sporting at all, half a million would be the starting point."

The value of a sporting estate depends largely upon its salmon catch, or the size and consistency of its seasonal bag of birds or deer. But the cost-multiple for a stretch of salmon fishing might *be anything from £1,000 to £4,000* or more per fish.

Since that price range also would reflect the weight of the fish, the property's accessibility, whether there is any decent house attached to the riverbank, and a host of other, largely sub*jective factors, it is unrealistic to* look for any general price guide to estates or to try applying any average costs per acre.

That does not deter the estate-hunters. In Crozier's experience, the queue of would-be lairds starts in the City of London. "The money is in London, it always has been, and it comes out of the City one way or the other," he says. It comes directly from UK buyers, either entertaining corpo*rately or keen personally to* have a base in Scotland for sporting, sentimental or family reasons. Otherwise, "we always have a sprinkling of Scandinavians, Germans, Dutch, and a few Arabs."

Then there are the tartan-clad Americans. According to Crozier: "If there is an estate with a classic name they'll jet over privately to see it, but few will be heard of again. Americans with Scottish ancestry like the idea of buying *but very seldom do they conclude* a deal." In practice, he says, there is a known queue of would-be buyers, and many of the good estates never reach the open market. "Serious buyers have an agent to act for them, to advise them on what to pay, and *to keep an eye out for what* becomes available. We are not talking about hundreds of people, but there are enough."

The Glenmoriston Estate is one of these properties that is likely to be sold well before it becomes the subject of popular press coverage. The Grants of Glenmoriston have held the land for centuries. Now, all 9,250 acres are being sold for the first time. It is a private world in it itself, com*plete with two major houses, 13* other houses and cottages, the Glenmoriston Arms Hotel, the Cluanie Inn, holiday chalets, Invermoriston's shop and post office, craft shops, commercial and amenity woodlands and, of course, salmon, grouse, stalking – even a nine-mile stretch of the Loch Ness foreshore.

Glenmoriston is to be sold as a whole or in lots, and Strutt & Parker (031-226 2500) expects to *see bids around £3m for the com*plete and (unusually, given the amount of commercial property involved) mainly vacant possession estate. Leisure companies are likely to be vying with individual buyers given the commercial potential of Glenmoriston. It is just 27 miles from Inverness airport and the hotels, shops and chalet businesses benefit from being on the main Highland tourist routes, the A82 and the A87 "road to the isles."

Move down the property *scale, however,* and individual buyers in Scotland find a residential version of economies of scale. *Knight Frank & Rutley com*ments on the disparity in prices of homes and smaller country estates in central Scotland in the 1988 edition of *Buying a Country House*, its joint publication with IPC Magazines. According to this: "There is a number of small farmhouses and large baronial mansions, but what in English terms would be an old rectory or a good-sized farmhouse is in short supply. The equivalent is *the manse or the factor's* house, but they command a premium; they sometimes cost as much as a castle. Castles, by contrast, seem remarkably good value."

KF&R's research department highlights the extent to which country property buyers have been drawn to Scotland by the cost comparisons showing a few hundred acres of heather and a castle priced at the same level as a central London flat. The agents *report* "a doubling in country house prices generally in the south-west, the Borders and the central belt of Scotland" in the past year alone. The days of the bargain estates clearly are numbered.

Have home, will travel

ASKED HOW he could sell homes priced from £100,000 to £250,000 in a region of Scotland with an unemployment rate of more than one in five, the Scottish divisional chief of a national housebuilder explained succinctly that he did not sell to people without jobs.

Alan Downie, managing director of Cala Homes in Scotland, has an equally confident view of the middle to upper price-range property, at least in the central housing belt between Edinburgh and Glasgow. Cala homes average £70,000 to £80,000, from single-bedroom flats in Paisley at £29,500 to five-bedroom detached homes in Edinburgh's Mildmar Drive for £245,000, as *well as executive properties in* the expanding commuter belt.

"People here are increasingly willing to travel," he says. "Two years ago, when we were building four and five-bedroom homes in North Berwick selling at about £100,000, there was some doubt about whether people would be willing to travel the 30 miles or so into Edinburgh." That is accepted now although, as Downie says, Scottish commuters draw the line at homes "on the wrong side of 45 minutes' travelling *time.*"

Scottish buyers also are changing their attitudes to house styles, as Downie explains. "Over the past five years, the English influence has been evident in greater emphasis on the 'kerbside appeal' of homes. There are more brick facings and more of a *cottage* look."

Managing director Steve Rosier has even reintroduced the clay chimney pot. And he adds: "Our new house styles also incorporate much higher-pitch roofs. From a pitch of about 25 degrees the new roof styles are about 40 degrees, giving a much higher, steeper looking roof and a traditional appearance."

Much more for the money

IF YOUR IDEA of Scottish property is not limited to good-value castles and sporting estates with room to park the helicopter, you will be pleased to know that home-buyers in Scotland can expect *29.7* per cent more bricks and mortar *for* their money than the national average, and roughly twice the *property they would be able to* afford in Greater London.

The Halifax Building Society's house price survey for the first quarter of 1988 shows that the average buyer in Scotland paid £36,498 for his home against a UK average for all properties *of* £51,924. This differential is increasing, with property price inflation in Scotland running at under 10 per cent against an annual rate of 18.2 per cent for *Britain as a whole.*

Scottish regions all rank among the lowest-priced areas of the UK although Lothian – with Edinburgh's semi-detached homes averaging £43,900 a time – does hold 29th place in the society's 65 county and region league tables. Strathclyde ranks *as the next most expensive area* and as the 34th most expensive in Britain, with average home prices marginally more expensive than those of north Yorkshire.

The Borders are 37th in the price league, or just a mite cheaper than the average for the West Midlands. Tayside property prices make it the 39th most expensive part of the UK in which to live. Central is *41st*, Fife 42nd, Grampian 44th, the Highlands 52nd and Dumfries and Galloway trails in as 57th, *with its average only a little* higher than that in south Humberside.

Tenants save by buying

PUBLIC SECTOR housing still accounts for 49 per cent of Scotland's 1.9m homes, nearly twice the national average of local authority tenancies. *However, the proportion of* public sector housing has been falling steadily since the legislation enabling tenants to buy at a discount came into operation in October 1980.

More than 15,000 tenants a year have *bought their homes* at discounts averaging 53 per cent of their home's open market value. Since 1980, a little over 8 per cent *of local authority* housing, more than 17 per cent of homes built by the Scottish Special Housing Association, and 22 per cent of its New Town stock, have been sold to sitting tenants.

Rentals

London Property

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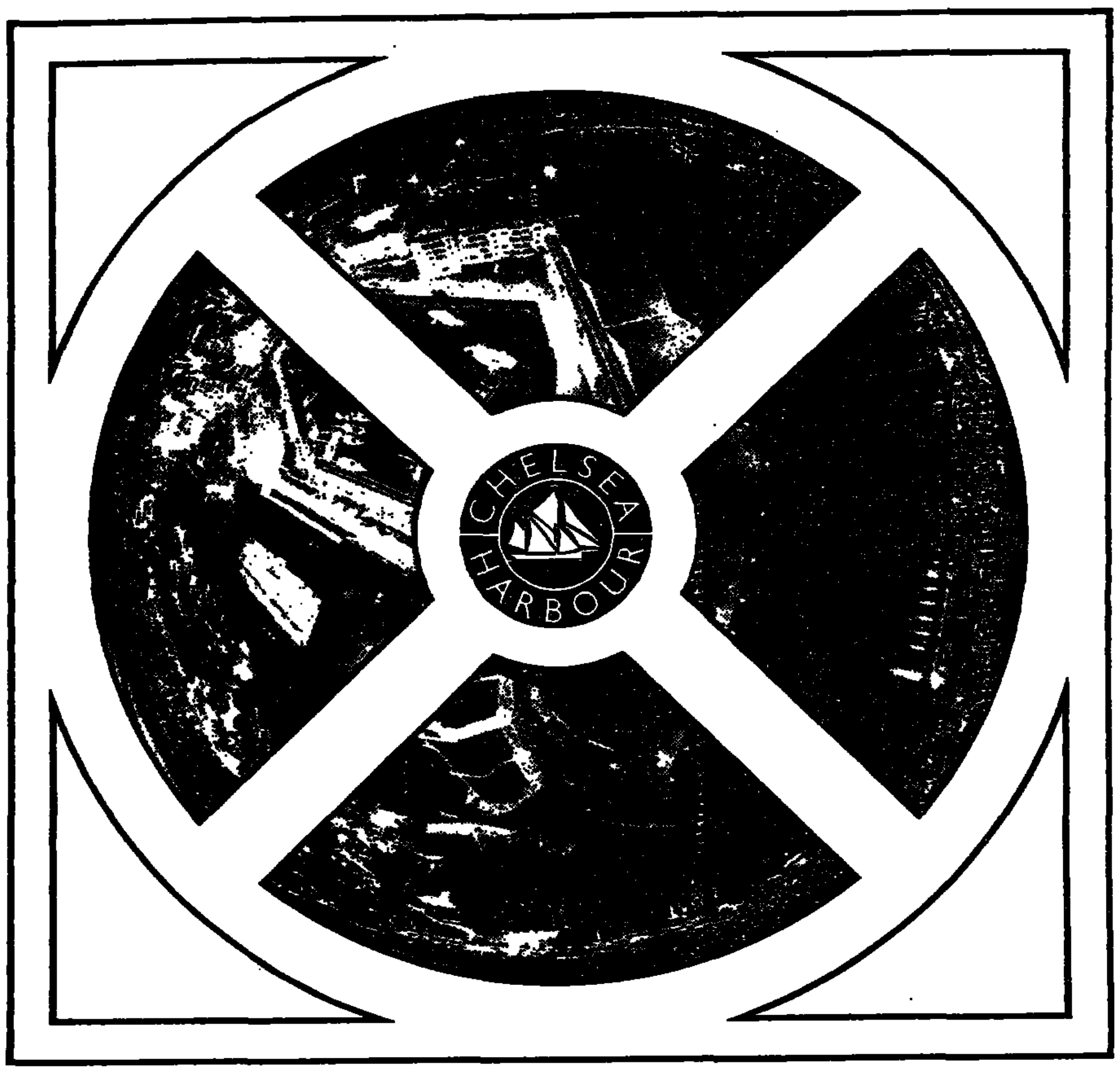

Chelsea has always exercised an irresistible allure, but even the most illustrious of its earlier inhabitants might have been surprised by the scale and luxury of Chelsea Harbour. They would have been astonished that Chelsea Harbour occupies 18 landscaped acres of townhouses and flats, shops and offices, restaurants and studios, fully integrated around a 75-berth yacht harbour. But they would have recognised the sense of community, the seclusion and security, the majesty of the river. All in all, Chelsea Harbour might have given them a different view of life in London. Couldn't it do the same for you?

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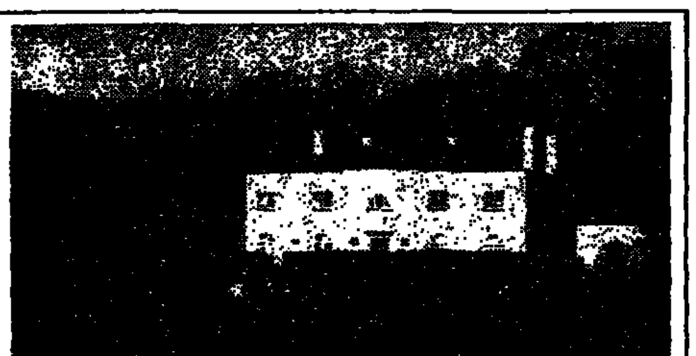

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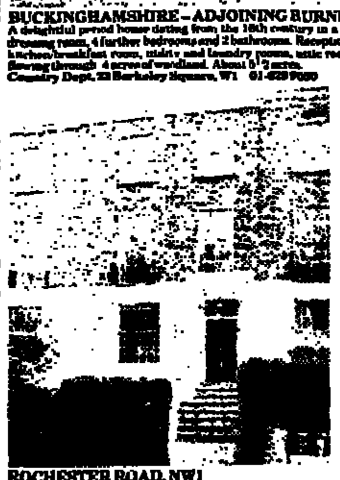

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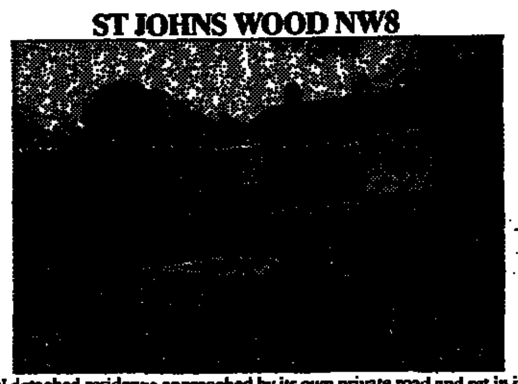

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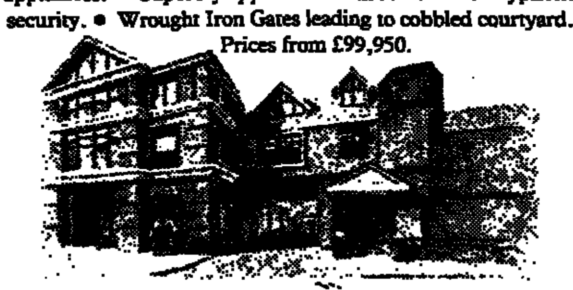

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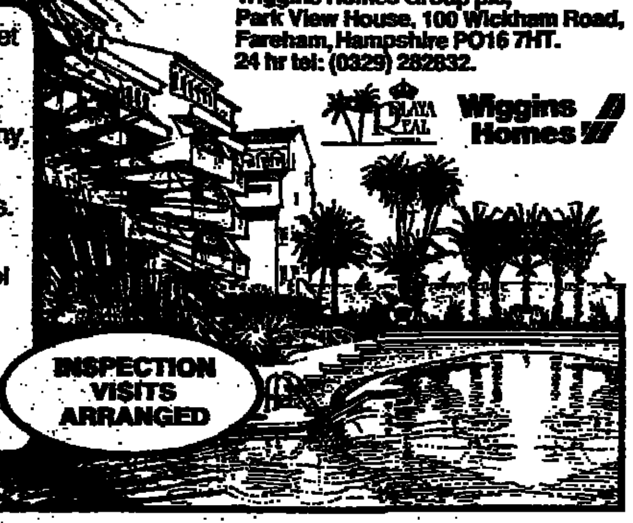

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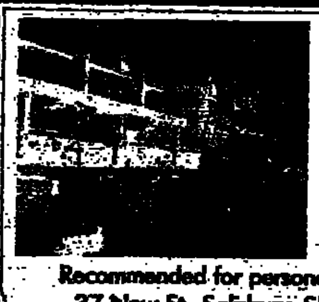

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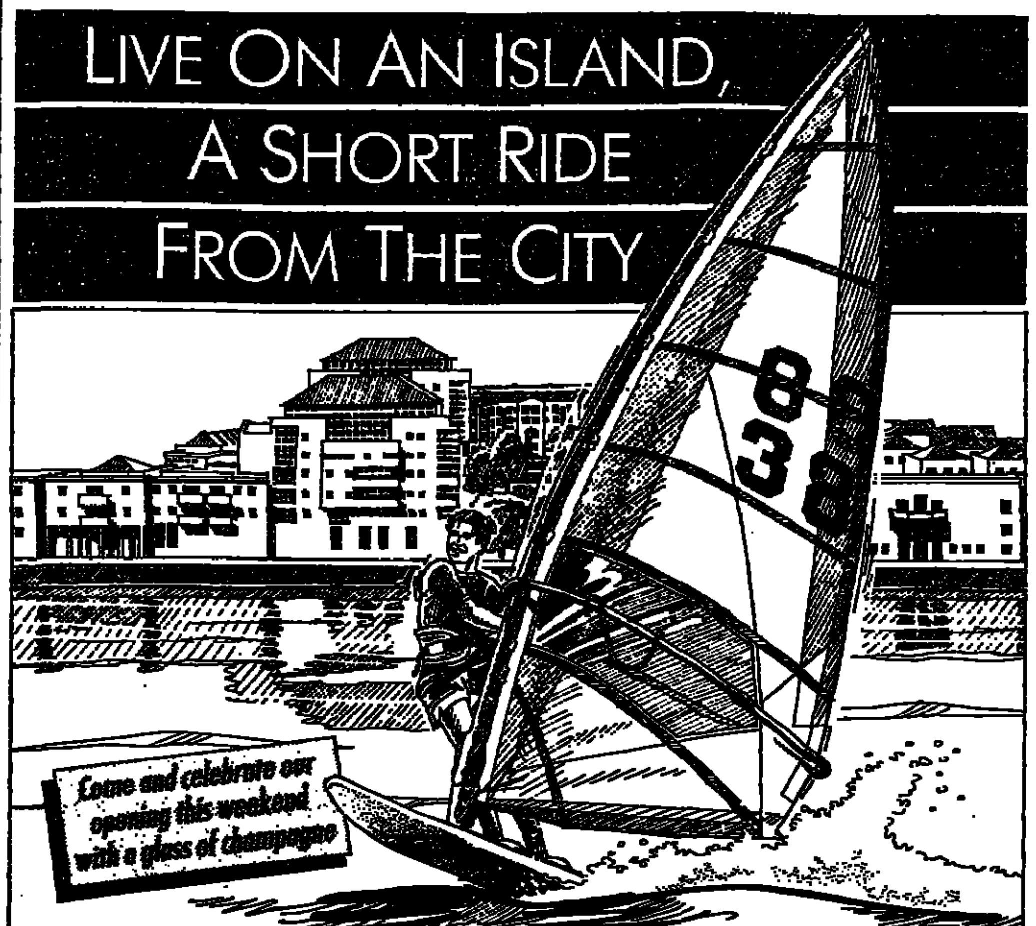

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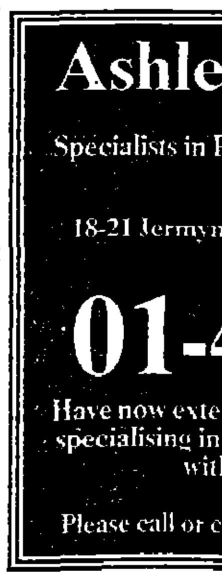

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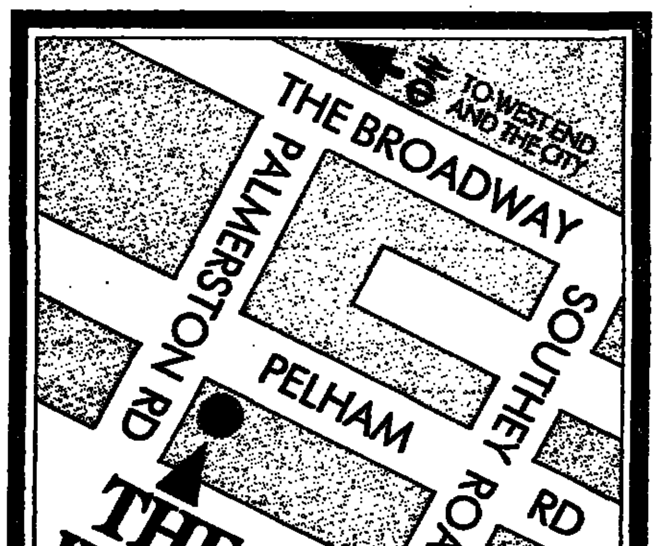

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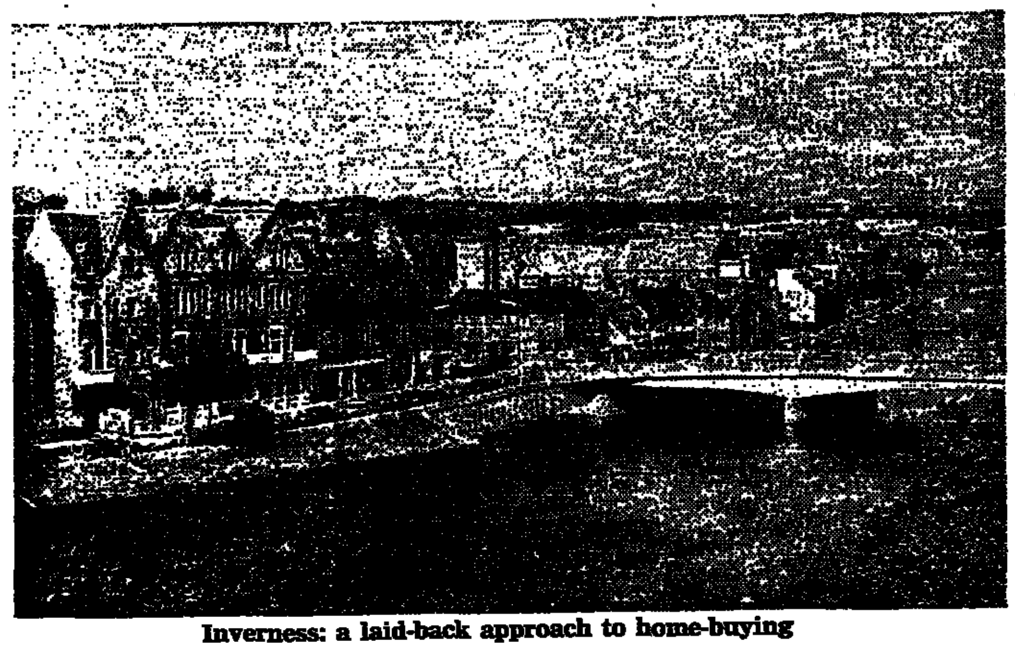
Ken MacTaggart hunts for an Inverness des. res.



Inverness: a laid-back approach to home-buying

Sedate sales tactics

I EXPLAINED to the lady at the Solicitors' Property Centre in Inverness that my job was bringing me there from the south of England and that I was looking for a sizeable property. Thus, I wished to consult the centre, which I knew to be the main source in the town for details about what was on offer.

Yes, I emphasised, I was a serious buyer looking urgently for a substantial house; and I understood that although she had none available at the moment, a few were expected shortly. So would she please telephone me as soon as the centre obtained an instruction?

"I'm sorry, sir, we can't offer that service," was the unperturbed reply. "You'll just have to keep calling. Take out a subscription to the *Courier*."

Property-selling in the north of Scotland clearly has yet to assume the ferocious intensity now evident in the south-east of England. In St Albans, from where I was moving, buyers and sellers are engaged in a desperate struggle to link up with one another.

The process is lubricated by free property valuations, cut-price selling commissions, mortgage assistance and other carrots proffered by the various professions involved. The three or four local papers are crammed with page after page of estate agents' advertisements and homes frequently are under offer within a day.

Not so in Inverness, capital of the Scottish Highlands and not dissimilar in size to St Albans, a Hertfordshire market town which is being transformed rapidly into a commuter satellite of London. The Inverness property scene is distinctly more sedate, and with good reason.

Prices are among the lowest of Scottish urban areas and, according to figures compiled by the Halifax Building Society, they have been fairly static over the past year, which has seen Scottish values as a whole rising by around 5 per cent.

The average price of properties mortgaged by the Halifax in Inverness is just over £30,000. Prime detached or semi-detached traditional homes with around four bedrooms in a good area of the town, such as Crown or Drummond, can be had for about £70,000.

Unlike elsewhere in Scotland, new properties generally are at a premium over older ones because of the limited stock available in Inverness.

"Overall, the market is not as buoyant as the rest of Scotland," admits Ken Bell, property manager with solicitor Munro and Noble. The town, of course, has an isolated geographical position in the north and recession in the oil and related construction industries has taken its toll.

This has affected confidence in the region as a whole, although Inverness itself remains an important administrative centre with a continuing flow of people moving in and out.

The incomer is, therefore, unlikely to find price a problem when exchanging a home elsewhere in the UK for one in Inverness. Rather, non-availability of a choice one could well be a stumbling block. He could face a lengthy wait, particularly if his taste is for the older, stone-built type of property – these are often sold privately without recourse to the open market.

Those looking for a starter home are better off and the town has a constantly active market with a steady turnover, according to Margaret Sutherland, house sales manager of estate agent Stuart Wyse Ogilvie. Prices are around £21,000.

She also reports considerable demand over Easter for guest houses and hotels throughout the Highland region covered by the firm's Inverness office.

Estate agents are a fairly new phenomenon in Scotland and Stuart Wyse Ogilvie is the only one in Inverness. Prospective buyers ought also to visit the Solicitors' Property Centre, the marketing outlet for the town's 16 legal firms which traditionally handle property sales in Scotland. And they should consult the local newspapers, which carry advertisements for properties being sold privately.

Gerald Cadogan on how Scottish archaeologists make the most of slim resources

Auld country past on an heroic scale

SCOTLAND'S past has an heroic scale unknown south of the border. It is a vast country, and rich in ancient monuments which stand above the heather or lurk beneath the peat. Yet, years of lack of people and money have meant that, archaeologically, it has hardly been explored while the threats to the Scottish heritage from farming, forestry and coastal erosion are universal.

The budget for rescue work in 1988 is still shamefully small and the 12 regions have six regional archaeologists between them. In Highland, there is one man for an area almost as big as Wales. How can they cope?

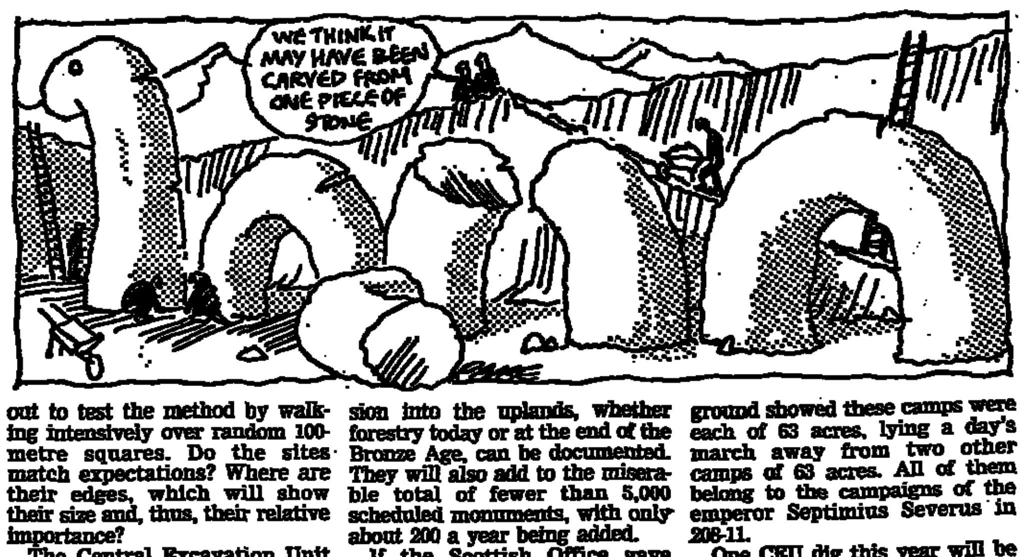
It is a battle which the English, with staff everywhere, do not know how lucky they are to miss. Yet I sensed an intellectual excitement in the work that transcends the horrendous difficulties. Making the most of what few resources there are concentrates the mind.

Scottish archaeologists are practising the newest techniques fearlessly and cannily, especially in understanding their ancient landscapes by surveys and test digs so that sensible decisions may be made about where to allow what.

The old approach of tackling all of one area, and then another and so on, takes too long. Instead, they are using predictive methods to determine where sites are likely to be (so avoiding wasting time on where they are not).

That means scrutinising air and satellite views (including infra-red maps of the vegetation and the geology), and looking at chemical evidence for human disturbance. These variables plus water, farmland, height and distance from other sites are loaded into a computer. The machine will suggest where sites may be lurking.

Then, it is a matter of going out to test the method by walking intensively over random 100-metre squares. Do the sites match expectations? Where are their edges, which will show their size and, thus, their relative importance?



The Central Excavation Unit (CEU) is making such a test this year at Kildonan, in Sutherland, before forestry begins. If it works, there will be an immense saving in time on the really large regional surveys Scotland still needs.

In the Bowmont Valley of the Borders, Edinburgh University has the variant approach of testing how much has been lost, and is still disappearing, through erosion and new uses of the country. And in Dumfries and Galloway, a CEU survey is checking the crannogs (Iron Age lake dwellings) to see how well they are surviving.

Lakes there last were drained in the 19th century and earlier and the crannogs, although still in marshes, are drying out. They are a fascinating piece of early Scotland (if they seem at first more suited to Switzerland) and must be saved.

These surveys on the edge of civilisation will give new views of how the Scottish economy rises and falls. Each new expansion into the uplands, whether forestry today or at the end of the Bronze Age, can be documented. They will also add to the miserable total of fewer than 5,000 scheduled monuments, with only about 200 a year being added.

If the Scottish Office gave money for a monuments rescheduling programme, like that at English Heritage, these figures would begin to reach the totals they deserve and inspectors of ancient monuments would not have to travel 9,000 miles a year, as one did last year, because they do not have enough colleagues. (In England, there are about 13,000 monuments and the total soon will rise to 60,000.)

The Scottish Office could also collaborate more with the local authorities for rescue digging. Unlike England, where English Heritage often helps with computer or staff costs, there has been only one such partnership in Scotland and that was at Aberdeen in 1976-79.

A typical rescue dig by the CEU last year looked at two Roman temporary camps a mile apart at Marcus and Finavon, in Angus, which were being cut by the widening of the A94 road. Eight trenches through the defences and a study of the ground showed these camps were each of 63 acres, lying a day's march away from two other camps of 63 acres. All of them belong to the campaigns of the emperor Septimius Severus in 208-11.

One CEU dig this year will be at Tuquoy on Westray, Orkney, where coastal erosion is eating up a 12th century Norse hall and its settlement. The buildings are preserved in the cliff and the first job will be to clean the section along 120 metres. Then, the diggers can go in from the side, with a far better idea than if starting at the top.

Peat cutting is another threat to the evidence, especially as peat preserves organic remains, whether wooden houses or even human bodies like Lindow Man. At Loch Parton on North Uist in the Western Isles, all the tests will be needed for one of Scotland's first farms, a Neolithic field system now in 8ft of peat.

Edinburgh University aims to understand better the standing stones at Callanish on Lewis, also in the Western Isles, and how they were used, by putting them in their ancient context. This includes recreating a prehistoric farm using early types of plants and tools – an idea tried with success in different conditions at Butser in Sussex.

This project is part of an exhibition (until July) in Edinburgh University Library which covers the work of the department of archaeology, now celebrating 60 years under only three professors. The first was the great Gordon Childe.

Edinburgh Castle has a dig to visit. Behind an artillery wall of 1670 a medieval smithy is appearing, and middens rich in rubbish dating back to around 1200. Several digs are planned, and there is a good chance of rewriting the early history of the place.

A text records feasting at Dunedin (Edinburgh's old name) for those who went to fight in the Battle of Catterick about 590 but, until recently, nothing has been found at the castle from before the 12th century. New finds may point to a different story.

A few shards of Roman pottery and a bronze fibula (safety-pin) of the early 2nd century have come up already. Do they mean a Roman fort, traces of which would have disappeared in the later rebuildings? And if there was a Roman fort, why not an Iron Age one before that? It is an attractive idea, but it could be that the Roman pieces were deposited several centuries later. More Roman finds would be conclusive.

The work at the castle will enrich it and reveal more of its history. Soon, the tower of King David II beneath the Half Moon Battery, where the diggers have just finished, will be opened to show the medieval castle.

Tourism eases financial worries for this project. But it still leaves the need for money to discover what happened in Caithness and Sutherland and the rest of the kingdom and bring Scottish funding up to English standards.

Blanfield is an Edwardian mini-estate with an eight-bedroom main house and three further houses set in 50 acres close to the championship golf course at Turnberry in Ayrshire, 15 miles south of Prestwick airport. Knight Frank & Rutley (031-225 7105) is looking for offers over £400,000 for the estate and, as it is acting for the Marchioness of Ailsa, it can tempt sporting buyers with the prospect of being able to acquire rights to the adjoining 650-acre estate.

DIVERSIONS

CHESS

SCOTLAND'S advance from also-rans of international chess a decade ago to a place on the fringe of the world elite has been one of the quiet success stories of the modern game.

At the pre-war olympiads (world team championships) of 1933 and 1937, Scotland were a poor last. Even in 1980, they finished a lowly 51st out of 82 countries. Then, however, came notable and sustained improvement: 34th in 1982, 24th in 1984, and a best-ever 22nd out of 108 teams at Dubai 1986, a point or less behind major chess nations like West Germany or Yugoslavia. Against England's silver medallists, the Scots lost by a minimal 1½-2½ after a dour battle.

Scotland's women have kept a similar pace, raising their olympic standing from 32nd in 1982 to 17th out of 49 in 1986, equal on points with the United States. This consistent advance has stemmed from the Scottish Chess Association's far-sighted youth policy a decade earlier. Junior talents were encouraged to compete overseas and to travel to major events in England.

The star was Paul Motwani, now 26 and a Dundee mathematics teacher, who in 1978 won the world under-16 title and achieved Scotland's first grandmaster result in Dubai. Mark Condie, 23, and Colin McNab, 27, have been prize-winners in the competitive British championship and this trio, along with the experienced masters McKay and Pritchett, form the nucleus of an Olympic team likely to do better still in 1988 and 1990.

Beyond that, the SCA continues to foster junior talent like nine-year-old Brian MacFarlane of Glasgow who, at this month's national squad championships in London, was number two in Britain for his age.

The energetic SCA officials also have developed an imaginative sponsored programme of weekend and longer tournaments open to all players. Their most brilliant coup was last year's Glasgow congress where prize-winners were offered a simultaneous match against the legendary Boris Spassky: entries promptly doubled from 1986.

The Bank of Scotland supports the Scottish championship, Save & Prosper backed this month's Edinburgh international, while BP and Shell help weekend congresses. Planning for further progress, though, the SCA was stunned last spring when its international grant was withdrawn abruptly and completely by the Scottish Education Department.

Chess in England is grant-aided by the Department of Education and Science and these amounts, small in themselves, have been crucial in enabling players to gain competitive experience in world-ranked events. Without the DES subsidy, Britain could not possibly be established as the major rival to Russia's world champions.

The SCA's international grant, which has helped Motwani to his world title and the Olympic team to their success at Dubai, had already dropped from £6,000 in 1985-6; now, it was zero. When they recovered from the shock, the chess-players wrote to every Scottish MP and pleaded their case personally with George Younger, Malcolm Rifkind and others.

Eventually, the SED conceded that the SCA's administrative grant - itself a modest £4,700 to contribute towards the expenses of Scotland's solitary paid chess official - might be channelled partly towards international costs. With no chess olympics in 1987-8, the SCA scraped by.

In the financial year 1988-89, however, there will be the prestigious olympic competition in Greece while the under-20 world individual championships, another priority, are in distant Australia.

Close at hand is the world under-10 championship in Rumania in July where Scotland's MacFarlane has a realistic chance of a medal - if he and his coach can afford to go. Many of his potential opponents will be no-hopers from countries with scarce hard currency but where education or sports ministries value chess increasingly as mental sport.

Here is a critical game from the 1986 Olympics where Motwani defeats an East European grandmaster. White's pawn sacrifice at move 11 enables his pieces to dominate the dark squares so that Black's bishop remains trapped behind the pawn chain.

White: P. Motwani (Scotland).
Black: P. Velikov (Bulgaria).
Sicilian Defence (Dubai 1986).

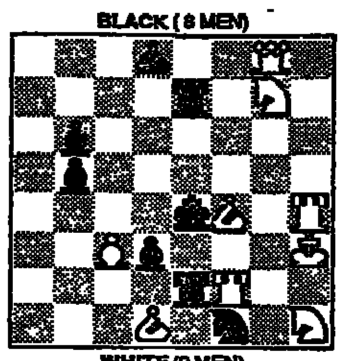
1 P-K4, P-QB4; 2 N-KB3, P-K3; 3 P-Q4, PxP; 4 NxP, P-QR3; 5 N-QB3, Q-B2; 6 P-KN3, N-KB3; 7 B-N2, N-B3; 8 O-O, P-Q3; 9 R-K1, B-Q2; 10 NxN, PxN; 11 P-K5, PxP; 12 Q-K2, B-N5; 13 P-QR3, B-Q3; 14 B-N5, P-R3; 15 BxN, PxB; 16 N-K4, B-K2; 17 P-QN4, P-KB4; 18 N-B5, BxN; 19 PxB, P-K5; 20 QR-Q!, Q-K4; 21 R-Q6, K-K2; 22 Q-Q2, B-K1; 23 Q-N4, K-B3.

Seemingly a blunder, but Black has no good defence to the threatened Q-N7 ch. if 23 ... R-QR2; 24 Q-N8, R-Q2; 25 RxR ch, BxR; 26 QxQ, or if 23 ... B-Q2; 24 RxB ch, KxR; 25 Q-N7 ch, Q-B2; 26 R-Q1 ch.

24 P-KB4, Resigns.

The attacked queen has no escape.

BLACK (8 MEN)



WHITE (9 MEN)

PROBLEM No 720

White mates in two moves against any defence (by A.F. Mackenzie, 1898). Mackenzie, a Scot resident in Jamaica, went blind in his mid-30s but found that his problem compositions were even better than before; this won a first prize.

Solution Page XXIII

Leonard Barden

BRIDGE

IN MY first hand today we see British international Irving Rose in a duplicate pairs at Turnberry playing brilliantly:

N
♠ 5 4 3
♥ 8 6 2
♦ 8 6 5 4 3
♣ 10 7

W
♠ -
♥ J 9 7 3
♦ 10 7
♣ A K 9 6 5 4 3

E
♠ Q J 9 7
♥ Q 10 4
♦ J 9 2
♣ J 8 2

S
♠ A K 10 8 6 2
♥ A K 5
♦ A K Q
♣ Q

With both sides vulnerable Irving dealt and opened with two clubs on the South cards. West doubled to show strength in the suit and North and East passed. South rebid two spades, North raised to three spades, and South went on to four.

West started with the club ace, East dropping the two and South the queen, and continued with the king. This was ruffed with the six of spades. Then declarer cashed the ace of spades, and West's club discard revealed the cruel break. Irving was not dismayed — if East held three cards in each red suit, he saw how the contract could be salvaged. He cashed his three top diamonds and followed with ace, king, and five of hearts. East took with the queen, and returned the queen of spades. The declarer permitted this to hold, playing his eight. Now East led the knave of clubs, ruffed in hand with the carefully preserved two of spades and over-ruffed with dummy's four. Now a spade from the table picked up East's two remaining trumps, and the contract was delivered.

Note the declarer's ruff with his six of spades and his duck with the eight — excellent technique. Incidentally, if East unblocks his heart queen to avoid the throw-in, it avails him nothing. West wins with the knave, and his return subjects his partner to the same endplay. A most delightful performance.

The second hand involves another Scot, the Duke of Atholl, when playing for the House of Lords against the Commons:

N
♠ 6 5
♥ A Q 10 8 2
♦ A
♣ Q J 7 3 2

W
♠ K 10 8 3 2
♥ 9 6 3
♦ K Q 9 5
♣ A

E
♠ -
♥ K J 7 5 4
♦ 10 4 3 2
♣ 9 8 5 4

S
♠ A Q J 9 7 4
♥ -
♦ J 8 7 6
♣ K 10 6

North, representing the Commons, dealt at love all and bid one heart, South Replied with one spade, and North rebid two clubs. South now rebid three spades, and North raised to four. This was doubled by the Duke of Atholl, sitting West, North redoubled, and all passed.

At this stage with seven out of eight rubbers completed, the Lords were ahead by 10 points. West made the excellent lead of the two of spades - perhaps the ace of clubs might have been made first and that was the killer. The declarer was forced to go one down.

If West leads the diamond king, South can make 10 tricks. He wins with dummy's Ace, cashes the ace of hearts, ruffs a heart in hand, then a diamond in dummy. This process is repeated and dummy's two of clubs is returned. South has made six tricks, and nothing can prevent him from making his four remaining trumps. He ruffs West's diamond return and exits with a club, forcing West to ruff. South wins the spade return, leads his last club, and West is again endplayed. and must lead into declarer's trump tenace. A hand any expert would be proud of.

E. P. C. Cotter

Scottish Property

Country Property

Philippa Davenport crosses the border to sample Scottish cooking and finds that tradition is a virtue

Simple ways are best

THE IDEA OF neeps, kail and neeps again does little to inspire my greed. But, vegetable aberrations apart, Scottish cookery has a lot to recommend it.

For a start, Scotland is home of the civilised breakfast. Faint-hearted Sassenachs who once went to work on an egg have now succumbed to muesli. North of the border, the day still begins in traditional style. Long may it continue to do so. I defy any other nation to improve on a breakfast of good porridge, juicily-jugged Loch Fyne kippers or spankingly-fresh grilled herrings, and toast with bitter orange marmalade. A perfectly delicious menu – and healthy.

English cookery has always been prone to the fashionable winds of change, but the Scots have tended to stick with favourite old ways, so that many traditional recipes have been handed from generation to generation virtually intact. This gives Scottish cooking a certain purity which I find very pleasing.

Elaboration is rare, simple cooking methods are preferred – allowing the quality and freshness of the produce to speak for itself – and there is a notable reluctance to add anything to the cooking pot unless it makes a positive improvement. This ties in with the general Scottish reputation for thrift. It reminds me of the sensible frugality of French peasant cookery. Perhaps it is part of the legacy of the Auld Alliance.

Certainly, the French influence on Scottish cookery is considerable. It is evident with elegance in the delicacy of many Scottish recipes (the way sauces are often thickened lightly with *beurre manié* or an egg and cream liaison, for example) and many French words remain in everyday use - *gigot, achet* and so on.

Scottish mountain mutton and lamb once were sought-after south of the border, the mutton hams being prized particularly. Aberdeen Angus is, of course, the beef by which all other is judged. But in spite of these magnificent meats, the Scottish taste primarily is for fish and game.

Fish is one of the glories of Scotland. Salmon is king but the small brown trout of the burns are wonderful, too. Sea trout is my favourite of all while halibut, haddock, herring, whiting, crab, mussels, oysters and Dublin Bay prawns are all part of the litany.

The Scottish method of cooking salmon to serve cold is typically straightforward. The fish simply is put into a kettle in which it fits snugly with enough boiling water to cover it. A splash of vinegar is added. It is then boiled hard for precisely two minutes, then covered and set aside until it is completely cold.

The beauty is that this works perfectly every time, irrespective of the weight and size of the fish - the amount of water needed to cover the salmon and the time it takes to come to the boil are the only variable factors.

Philippa Davenport, cookery writer of the Weekend FT, has won the food writer of the year accolade in the 1988 Glenfiddich awards.

Anne Morrow

Scotland is equally famous for cured fish, the art of drying, salting and smoking probably having been learnt from Norse invaders. Scottish smoked salmon is the best in the world. Humbler, but just as splendid in their own way, are fat herrings kippered carefully, bloaters (herrings smoked with their guts intact for gamier flavour), Finnan haddock and Arbroath smokies.

Again, the preferred cooking methods tend to be simple. Haddie and eggs are a favourite choice for high tea; pale cream of smoked haddock soup makes an elegant first course for dinner. My own favourite is Finnan haddock *à la creme*. Poach the fish (on top of the stove or in a baking dish in the oven) in a mixture of milk and cream. Skin, bone and flake the flesh.

Put it into a gratin dish or divide it between several ramekins, adding black pepper and plenty of chopped chives between layers. Simmer the fishy liquor until reduced slightly, thicken it with a little *beurre manié*, then pour the sauce over the fish. Bake briefly in a moderate oven to heat through and flash under the grill to brown the top just before serving.

Scotland's game larder is the envy of other nations. Sadly, the numbers of grouse are dwindling but the choice and quality of other birds and of furred game remains magnificent. In fact, venison is increasingly plentiful as deer now are farmed.

Plain roast grouse with a splash of clear gravy and a mound of crisply-fried breadcrumbs is the stuff of dreams. Roast haunch of venison is fast becoming a Sunday lunchtime reality for southerners as well as for the Scots themselves. Serve it the traditional way with scarlet rowanberry jelly, or with pears pickled in sweet wine vinegar with a generous spicing of cinnamon and cloves.

Chicken appears frequently on the menus of Scottish households. It features in soups such as the famous cock-a-leekie and the exquisite feather fowlie. Often, the bird is roast or poached, usually stuffed with oatmeal or accompanied by a creamy bread sauce.

The name howtowdie is believed to be a derivative of *hutaudeau*, an old French word for a fat young chicken, and the cooking method is distinctly Gallic.

To make it, first brown a plump roasting bird in butter in an oval casserole into which it fits snugly. Add a few shallots or button onions and a bouquet of herbs. Pour on enough hot giblet stock to cover the thighs of the bird. Lay butter paper over the breast and seal the lid tightly.

Cook very gently on top of the stove, or in the oven if you prefer, until the bird is tender. Then, skim the fat from the cooking liquor, boil to reduce and concentrate flavour deliciously, and add the lightly-cooked and sieved chicken liver to make a fine sauce.

The chicken traditionally is served surrounded by mounds of freshly-cooked spinach, and sometimes with drappit (poached) eggs as well. I find soft boiled eggs more practical than poached and I like the look of little bantams' or pullets' eggs best. Serve some of the sauce poured over the chicken and the rest in a jug.

The Scots are wonderful bakers. Teatime, like breakfast, is important there. Bakers' shops are numerous and the scent drafting from many of them makes it hard to pass by without stopping for samples. Nowhere else in Britain do you find better bread or a greater variety of baked goods. There are bannocks, baps and scones galore, as well as Scotch pancakes, mutton pies, black bun, Dundee cake, shortbread and oatcakes that are renowned all over the English-speaking world.

Oats are the favourite grain and oatmeal is one of the three major cornerstones of the Scottish kitchen (fish and game are the other two). Dr Johnson was scathing about oats: "A grain which in England is generally given to horses but in Scotland supports the people."

His view is out of fashion now. Oatmeal has become the subject of applause in medical circles, believed to be a valuable form of preventative medicine – a rich and ready source of a soluble fibre called beta glucan, which can help to reduce harmful levels of cholesterol and sugar in the blood.

Perhaps it is because Scottish blood runs in my veins that I find the nutty and creamy rich taste of oatmeal so irresistible. I love foods like porridge, oatcakes, skirlie and Athol Brose. Even more to my liking is pastry made with a mixture of oatmeal and wheatmeal, and I have a weakness for cinammon and oatmeal ice cream, which is made exactly like brown bread ice cream.

Best of all, perhaps, is oatmeal pottage. The Scots are justifiably proud of their reputation as soup-makers and this is one of their prize recipes. In the finest Scottish tradition it is plain, frugal, wholesome, pure and elegantly delicate; it is the perfect sustenance when you're feeling a little fragile, yet would not be out of place at a dinner party.

Sweat a large, finely-chopped onion and three or four celery stalks in butter until softened. Stir in a couple of tablespoonfuls of medium oatmeal and let it drink up the buttery vegetable juices. Add one pint chicken stock, half-cover and simmer until the vegetables are very tender. Whizz to a smooth puree.

Add half a pint of cream, season well and reheat gently, stirring in more cream or milk to thin the soup to taste. Garnish with coarse oatmeal (toasted or fried) and snipped chives.

Gastronome's last stand

WHEN WESTERN civilisation finally collapses, I will head for Scotland. The unkind may take the view that this is eminently sensible because you are less likely to notice the demise of civilisation in Scotland. Phooey, I say. My reasons are entirely gastronomic.

I will leave it to Philippa Davenport to guide you through the complex rituals of breakfast, cock-a-leekie, haggis and bashed neeps that you may come across in hostel and home. These may or may not survive into the new Dark Ages. (She is quite right, incidentally, about the quality of Scottish breakfasts, although she passes over the delight of porridge with condensed milk, surely the acme of breakfast sophistication.) I want to make the point that you could live pretty well off what you pick up in the wild, as it were. Pausing only to ravage the asparagus beds and raspberry canes and to plunder the tatties outside Glasgow, I will hie with all speed to the remote and beautiful stretch of the Ardnamurchan peninsula.

Those of you with longish memories may remember my tale of humiliation at the fins of the salmon and seatrout of the Spey last August. Three expensive and fishless days were made bearable only by the antics of my companions and the goodies to be gathered on hillside and riverside – chanterelles and wild raspberries and the like. This was only part of the tale. Fleeing that vale of tears and frustration, I sped from east coast to west coast, and joined my family on a small and obscure island in the mouth of Loch Sunart to lick my wounds and extract revenge.

I was singularly unsuccessful. The salmon, seatrout and brown trout of the west coast proved as obdurate and wily as their east coast brethren. Even more testing to nerve and temper were their allies in destruction, the midges. Once again I was forced to beat an undignified retreat from the gush of the most promising burn, and to content myself with probing the seashore for goodies. And such goodies there were.

The range of shellfish is prodigious. Limpets you can dismiss, unless you are keen on saltwater chewing gum. Winkles you may be tempted by, but remember your hatpin and a bottle of malt vinegar. Mussels may be gathered by the bucket to be baked, steamed, used for soup, for marinière, for . . . but you may grow tired of mussels. Try cockles, then.

Who today knows the joy of the sweet fresh-cooked cockles, piled high on buttered, fresh-baked soda bread or speckling a sea food risotto? Frozen or bottled clams have less than a trace of the delicacy and delicious flavour of the fresh. And it's no good pointing out that you can always get them in France. Of course you can find fresh cockles in France, just as, of course you can't find them in England or Scotland, unless you go out and pick them up for yourself.

So there were cockles to be picked up at low tide, and clams to be dug up. Whether they were long necked, or hard shell or carpet shell, I am none to sure, but they proved succulent, chewy and very tasty when steamed. To judge by the evidence there were razor clams as well, but we never succeeded in finding any before the gulls.

Legend had it that there were scallops to be picked up at points only accessible to to the wellington-booted holiday maker at the lowest point of the neap tides. Sadly, quite when this was, we never actually discovered. Of course, if we had diving suits there would have been no problem. We would have been able to harvest the scallops, along with the lobsters and langoustines. As it was we could afford to indulge ourselves occasionally as the lobbos were £3.50 a lb and the langoustines £1.00 a lb. The langoustines went into that notable risotto, and other dishes.

The lobbos were steamed in a great overcoat of seaweed on the barbecue. It did for the lobbos –

Food for Thought

and for the barbecue, which collapsed under the combined weight. Not that we minded. The lobsters had an unsurpassed freshness and moistness. It occurs to me that refugees from chaos may not see an unvarying diet of shellfish as all that desirable. My family were of much the same mind. We could have dined on mackerel, and quite possibly larger fish, conger or dogfish, but we didn't.

Had I been confident in my identification of exotic edible boletus our menus could have taken an altogether more exotic turn. But, contemplating the mile or so to the mainland across treacherous water, and the hard 20-minute drive to the nearest doctor I thought better of it. As far as meat and veg were concerned, we scavenged successfully at the hospitable and kindly village on the mainland. However, when the Day comes, I will be better equipped. Not only will I have toadstools for the pot, but venison as well, set off with a spoonful or two of rowanberry jelly. If my little band of brave survivors tires of venison, then I will go in search of the capercaillie, ptarmigan, and grouse, and the wild mountain hare, much cheered by the knowledge that it is all free. Come to think of it, much of it is now.

Peter Fort

Tom Fort on how best to pursue the sporting and elusive salmon

New angles on the king of fishes

Jock Dallas, a well-known Scottish angler, casts a fly on the Spey near Kingussie

TO CALL salmon fishing a chancy business is like describing the Prime Minister as a woman with opinions of her own. It is true that spending a great deal of money on the best salmon river beats, the finest of equipment and the sagest of advice might diminish the odds, but those who have the salmon fishing disease, or wish to become infected, must be ready to meet disappointment, discomfort and dismay.

The odd thing is that the numbers of those wishing to purge themselves in this way continues to multiply. The demand for good salmon fishing has never been more intense. And Scotland still has more of it available than anywhere else.

It is a truism that the salmon rivers of Scotland are not what they once were. The miracle is that the fishing survives to the extent that it does, given the coalition of enemies that the Atlantic salmon must confront. The depredations of commercial netting – operating at every stage of the salmon's journey from the ocean feeding grounds to the river where it was born and must breed - have brought the species within sight of extinction.

At last, though, painfully and slowly, the recognition of the salmon's true value is dawning. In Scotland, the commercial importance of sport fishing for salmon is now acknowledged widely. The business of controlling and restricting the estuary netting interests has at last begun. There is far to go, but at least there is now cautious hope in place of black pessimism.

Much of the best salmon fishing in Scotland is, quite simply, out of the reach of ordinary mortals. The most productive beats of the Spey, the Tay, the Dee and the Tweed are not advertised. It is unusual for anything short of death to induce those who fish these beats to stop doing so.

Decent fishing can be had, however. One way - if you have up to £20,000 to spare and don't find fishing the same piece of water the same week of the year for the rest of your life – is time-share. It is also possible to rent beats through the letting agencies - such as Strutt & Parker or Savills – or through advertisements in the sporting magazines. The cost will be steep and the prospects uncertain.

A better bet probably is a fishing hotel and Scotland, from the Borders to Orkney, is thick with them. Another means, offering restricted but by no means negligible opportunities is to book day or weekly tickets from one of the local clubs which have a policy of helping visiting anglers.

Speaking very broadly, the celebrated rivers of Scotland are on the east coast. Among the smaller ones to which the visitor might hope to gain access are the Alness, the Deveron, the Findhorn, the Oykel, the Carron, the Shin and the Cassley.

There is a limited amount of hotel water on the Tay, the Spey, the Dee and the Don, and a good deal on the Tweed. Facilities on the Conon and Blackwater are available through the Loch Achonache Angling Club.

West coast fishing tends to be a patchier affair. The runs of salmon are smaller, and without ideal conditions, it can be hopeless. On the other hand, the fishing is likely to be cheaper and less exclusive and, if fortune puts you in the right place at the right time, the results will be memorable. Among the better-known rivers are the Inver, the Broom, the Orchy and the Awe.

To think of Scotland and think only of salmon fishing, would be folly and an insult. Indeed, in terms of combined quality and availability, the visitor would probably do better to concentrate on sea trout and/or brown trout. The only inhibiting factor is that the choice of location is so vast. Countless rivers and burns have their runs of sea trout, and countless lochs are colonised by browns.

This is not the place for specific recommendations. The subject is too colossal and deep study is required. Acquire a brace of texts - I would suggest Bruce Sandison's *The Trout Lochs of Scotland* and one of the more general guides, such as *Where to Fish* - and go to work. Scrutinise the pages of the game fishing magazines for further tips. My only suggestion for the beginner is to select an area and then plump for a hotel where essential on-the-spot help can be sought.

Having done your homework, and taken the plunge, you must pray. Your prayers largely should be of a meteorological nature. You will pray for rain, but not too much; for wind, but not too much; for sunshine and cloud, each in moderation. Then you may pray for fish of a co-operative temperament to be in your river or loch, and for your paths to cross. And if your prayers are answered, you will be that happiest of creatures – the happy fisherman.

Continued from Page I

Battle of the Highlands

an area devastated by high-intensity farming, should try to stop crofters doing things that may possibly affect wildlife in an area of low-intensity farming. It's easy to sit in London and tell someone not to drain a bog."

He points to the Nature Conservancy Council, the government's conservation adviser based in Peterborough, north of London, which has wide powers including the right to declare areas to be Sites of Special Scientific Interest (SSSI) when NCC surveyors consider them to be important habitats for, say, birds. Last year, the NCC designated a quarter of the island of Islay, off south-west Scotland, a SSSI and gave crofters a list of 28 "notifiable" operations including ploughing, harrowing, reseeding and fertilising. The crofters now have to get permission from the NCC before they can do these things although usually it is granted. "This sort of provision is suitable for a 2½-acre wood in Kent but not for thousands of hectares of Scotland," Hunter believes.

Although owners of land can comment on the designation of a SSSI, which in Scotland is decided finally by the NCC Committee for Scotland (on which outsiders are repesented), there is no appeal to any outside body. The NCC aroused fury in the Highlands last summer when it recommended there should be a moratorium on all forestry in the Flow Country, an area of 400,000 hectares of bog and moorland in Caithness and Sutherland in the far north. This is where Fountain Forestry - a private forestry company – became notorious for buying-up land and planting conifer forests, some of them financed by television personality Terry Wogan and the stars of snooker.

Many people in the Highlands had misgivings about this form of forestry and the motivation of those who financed it (the practice is likely to disappear following the Budget changes). But what infuriated them was that the NCC's recommendation, announced at a press conference in London, was reached without any consultation with local bodies and with total disregard for the Scottish economy in which forestry and its downstream industry are seen as a source of long-term employment. "I'd been arguing for five years that the NCC didn't destroy much economic potential," says the HIDB's Cramond. "Then they come and shoot themselves in the foot." In the end, the Government allowed planting to proceed on part of the Flow Country.

The Scottish local authorities are lobbying for the law to be changed to give them more power over both forestry and fish farming. But the Highland Regional Council is seeking a further change, and on this it could part company with the conservationists: it wants the Secretary of State for Scotland to have the final say on designating SSSIs in Scotland, ending the autocracy of the NCC.

However, the Highlanders are few in number, and although other rural local authorities agree with the council, they are in a decided minority on an issue like this. Local government in Scotland is dominated by the big urban authorities of the industrialised central belt and Brindley says they may be "ambivalent towards the NCC's sweeping powers, or even welcome them." In Parliament, too, most of the MPs, from north and south of the border, are from urban areas. The tipping of the conservation scales against the Highlanders qualifies as another symptom of the north-south divide.

Nicholas Faith on how high-malt blends of whisky are fighting back

Hauling Scotch off the rocks

HAPPILY FOR drinkers, the tide has turned against blended Scotch. Not only are pure malt whiskies among the most fashionable of spirits, but virtually every Scotch distiller has introduced a special blend containing more than 50 per cent of malt whisky. This, of course, is double-distilled in pot stills – like that other "noble spirit," cognac – and thus retains the character of the grain from which it was made and the water used in the distillation.

For a century, the whisky barons have derived the overwhelming bulk of their revenue from whiskies containing only between 25 and 35 per cent malt (the exact figures remain jealously guarded trade secrets), the rest being grain whisky produced in a continuous still.

The promotion of whiskies made largely from malt was long overdue. To purists, the whole idea of blending is an abomination. "It's as though they were mixing malt with vodka," as wine writer Jancis Robinson once put it. The makers of cognac, calvados or bourbon would be horrified at the idea of mixing their characterful spirits with a neutral alcohol although, to be fair, the grain used in blended malt is not entirely neutral but retains a certain warmth.

By no coincidence, the Distillers Company Ltd (DCL), long the dominant force in the industry, was formed originally by a group of blenders and grain distillers who established their right to the name "Scotch" only after a prolonged struggle. But for 75 years it concentrated on volume, producing more than 100 blends. Many were very similar, most sold at around the same price, and the company refused to promote single malts because this would mean an unfavourable spotlight on blends.

Of course, it always had owned superior blends with more malt, such as Johnny Walker Black Label and Dimple Haig, but these were promoted widely only after the launch of Chivas Regal, the world's most successful "de luxe" brand.

This was launched by the late, great "Sam" Bronfman, who knew that post-war drinkers wanted blends smoother than those available from Distillers. By no coincidence, Chivas Regal was not blended by a Scot but by a cockney, Len Jullian, who had earlier blended two scotches for sale in London's clubland. These, Berry Bros' Cutty Sark and J & B Rare from Justerini and Brooks, had shown that drinkers, especially in the US, were looking for lightness. This was achieved not by reducing the percentage of malt but by using light, fragrant malts.

International Distillers & Vintners, for two decades the owner of J & B, has now taken the same theme further with The Singleton of Auchroisk. This exceptionally smooth, delicious whisky is reckoned the first "designer malt" produced, as are all other single malts, by one distillery chosen for the elegance of its whisky.

Until recently, the DCL could claim that supplies of malt were limited; that, for 25 years after the Second World War, it was a precious spirit in permanently short supply. But famine changed to feast with disconcerting rapidity in the mid-1970s when a change in the world's drinking habits combined with a recession and an increasing supply of spirit (not only in Scotland; the same phenomenon applied in Cognac).

The stagnation in sales of ordinary blends; the malt lake (now largely a thing of the past); the increasing popularity of single malts, led by Glenfiddich; and the new management of DCL (no, not Ernest Saunders: Anthony Tennant, formerly of IDV and a man concerned with margins rather than volume) all have led to a proliferation of high-malt Scotches.

Their malt content ranges from probably less than half – some distillers are still coy on the subject – to a full 80 per cent in the case of the only Irish runner, Blackbush. This is triple-distilled, a rather rugged, tangy whisky, ideal to counter the effect of soft Irish rain.

Blackbush was one of the eight whiskies at a recent tasting organised by *Wine* magazine, the leading consumer publication in the field. Even the amateurs among the tasters recognised the ringer – Glenfiddich, which tasted far more delicate and, well, elegant than any of the others, although it, like them, proved better mixed with water rather than sipped neat as a *digestif*, the best way to appreciate truly "serious" single malts.

The Dimple Haig shared the harsh peatiness of its lesser brother, although the Dimple was less vicious and more rounded; while *Johnny Walker* Black Label, DCL's other major premium Scotch, shared Red Label's heavy maltiness. I was rather disappointed with Bell's new Islander blend, and I failed to detect its malts which, as the name implies, come from Islay and other Scottish islands. The other three – Matthew Clark's own blend, Teachers 60 (the first to declare its malt content) and Chivas – were all pleasant, attractive and agreeable.

As you might expect, the Scots have got their pricing right. Nevertheless, these high maltsters (especially Chivas and Black Label, the elders in the field) are well worth the two or three pounds more they cost than ordinary Scotch; while if you want a superior mixer, let alone a *digestif*, the tasting proved that there really is no substitute for single malt.

Antony Thorncroft on the Scottish saleroom scene

Lots to be proud of

LOCK UP your treasures – the dealers are in town. It would be nonsense to claim that in the past week Scotland has been the centre of the international art market - New York, with the endless Andy Warhol sale, claims that privilege - but certainly both Sotheby's and Christie's have been holding important auctions north of the border in the past few days, and smashing records.

In recent years Scottish artists of the early 20th century have attracted global interest. The "Glasgow Boys" and the "Scottish Colourists" have been all the rage, and not only among art critics. They are commanding serious money. On Tuesday, at Hopetoun House, Sotheby's sold Scottish and sporting pictures, as well as Scottish silver, for £678,000, but the attention focused on just four lots. A "Fauvist" work by the Colourist Samuel Peploe depicting, in bright decorative colours, peonies and fruit, sold for £127,600, as against a top estimate of £40,000. It was easily a record for Peploe; indeed for any modern Scottish artist.

Another leading member of the same group, Francis Cadell, set a new high of £44,000 for a 1910 view of St Marks in Venice, while that perennial favourite of the Glasgow School, Edward Atkinson Hornel, maintained his popularity with two typical scenes of young girls picking flowers doing well at £28,600 and £19,800.

On Thursday Christie's in Glasgow weighed in with a good painting sale which totalled over £1m, and which produced its own record - £50,600 paid for "A June woodland," a pastoral scene with pretty little girls by William MacGeorge.

This "Fauvist" work of peonies and fruit by Samuel Peploe sold recently for £127,600 (estimate £40,000), a record for a modern Scottish artist

This coincidence of two major auctions was exceptional: in the main the two leading salerooms pursue different approaches towards Scotland. Christie's has been firmly established since 1979, when it bought Edmistons of Glasgow, the leading local auctioneer. It now holds auctions there up to three times a week, and has built up turnover to £7m a year. In contrast, Sotheby's invades Scotland with pantechnicons from London just three times a year to sell antiques with a Scottish flavour. Its biggest event is at Gleneagles in August.

Both believe that they have the right approach, although Christie's, until this week, had the most to crow about. It could claim the auction records for four of the leading colourists: Peploe, Fergusson, Hunter and Cadell, and will be anxious to claw back the two it has just surrendered. The growth in demand for these artists can be neatly measured by considering "Pink roses in a white vase" by Peploe. Christie's sold it in Glasgow in 1979 for £14,600 and again seven years later for £38,500.

Christie's has also made much of the running in that other sector of early 20th century art in which Scotland has an international reputation: design, built around the genius of Charles Rennie Mackintosh. By chance Mackintosh also set a new auction record last week of £146,276 for an ebonised table he had designed in 1902. However, the table had belonged to Andy Warhol and was sold in New York. In 1967 Sotheby's disposed of it for £2,000. By holding regular sales in Glasgow Christie's is building up interest in followers of Mackintosh, such as the potters, Jessie Marion King and Elizabeth Mary Watts, active in Edwardian times, and now avidly collected by local Glasweigans.

There are other specialist markets in which Christie's believes it is shrewd to have an auction house on the spot. There is a local interest in dirks and broadswords (which are becoming very rare) and recently Paisley shawls have become popular. Those produced between 1820 and 1860 are commanding prices up to £400, with particular interest in the big plaids of the later period.

Wemyss pottery also has a strong Scottish collecting tradition, perhaps inspired by loyalty to the Queen Mother, the most noted connoisseur of this basic style of late 19th century ceramics. One keen new collector is "Tiny" Rowland of Lonrho, who paid £7,000 for a Wemyss pig at a Sotheby's sale earlier this year. However, this was held in London, which substantiates Sotheby's point that you do not have to hold regular auctions in Scotland to pull in high prices for antiques of Scottish origin.

Sotheby's is not perturbed by the Christie's activity. Its picture auction at Gleneagles last summer totalled almost £1m. If the goods on offer are desirable, then dealers and collectors will take the High Road. Besides, the reputation of Sotheby's ensures that it is asked to handle many of the the really major works originating from Scotland, which have an international appeal.

Not holding regular sales has not prevented its agents in Edinburgh and Glasgow from sending to London in recent years such masterpieces as a Guido Reni head of Goliath, which sold for over £2m, a Benjamin West, which made £1.6m, and, last month, a John Martin scene of the waning of the Flood, which sold for £450,000. Its offices feed the Sotheby's auction rooms in London and Chester, as well as organising the three Scottish auctions which in the last year produced total sales of over £2.5m. And there are none of the the costly overheads that accrue from running an auction room.

Sotheby's, of course, has tried to get away from handling lots which sell for less than £500. No such inhibition affects Phillips, which has salerooms in both Edinburgh and Glasgow. Phillips, the smallest of the big three auction houses, has built up a network of almost 20 salerooms throughout the country and the turnover of its Edinburgh operation is second only to London, even though the average lot value is only about £80. Every week in both Edinburgh and Glasgow there will be an auction of Victoriana, along with one or two specialist sales. Phillips has its share of major items: on May 28 it is offering a garden gate designed by Mackintosh which should make £5,000.

Not all the items sold originate in Scotland. Phillips sends up from the south many antiques of Scottish interest, in particular Scottish silver, which sells much better close to its point of manufacture. Golf clubs and balls also find a ready market in the home of the sport, and last year Christie's disposed of nine woods of around 1830 by John Jackson, two irons, and four feathery balls for £55,000: they had been found in the attic of Blair Castle, home of the Duke of Atholl.

In Edinburgh, in particular, there is a strong surviving band of the professional middle class who regularly pop into the saleroom to furnish their homes or to buy presents. More than in London, or the English provinces, the private buyer still reigns supreme in Scotland. Phillips reckons that at its last good picture sale half the lots went to private buyers.

There are also a few local home grown auctioneers, such as Lyon & Turnbull in Edinburgh and Milnes in Aberdeen, but in the main Scotland has fallen beneath the heel of the international auction houses. The results of the last few days suggest that this has been good for the auction houses, good for Scottish art, and good for the Scottish collector.

The Gallery looking from Room 20 through to Room 22

Designer look revived

Susan Moore on ambitious restoration work at Edinburgh's National Gallery

"LOOKS LIKE a Victorian photograph, doesn't it." Without pausing to allow me time to disagree (which I did not) Timothy Clifford continued his monologue, handing me a recent print of the magnificent, sculpture-strewn entrance hall at Manchester City Art Gallery which he had restored as director.

His six years at Manchester saw the early 19th century gallery returned to its former richness; today, four years into his term as director of the National Galleries of Scotland, a whirlwind programme of appeals, acquisitions and refurbishment is in progress. After restoring one Greek Revival building – *Manchester was Sir Charles Barry's* only exercise in the style – Clifford is now halfway through turning the clock back on another, W. H. Playfair's austere Athenian National Gallery in Edinburgh. It is a propitious moment to consider how the new work compares with the previous decorative scheme.

When Playfair designed the building in 1850 it was to house the galleries of both the national collection and the the Royal Scottish Academy. His scheme comprised two parallel enfilades of five octagonal galleries, top-lit and linked by round-headed arches – a formula derived from Boydell's Shakespeare Gallery (later the British Institution) designed by George Dance, and his pupil Sir John Soane's Dulwich Picture Gallery, the first public art gallery in the country. After the RSA moved out in 1906-10 the galleries were linked, and more galleries carved out to supply a north and south upper floor. In 1936-37 Playfair's arches were replaced by an unconvincing series of paired Composite columns.

Various stained and slurry-coloured textiles remain on the walls of the east galleries. A sequence of what the director describes as "pigs-trough" light fittings hang from the ceiling, and upstairs in the north gallery the grim colour scheme continues in the upholstery and the pig's bristle carpet squares.

Playfair's arches, and his far from drab colour scheme, have been reconstituted to stunning effect in the identical west galleries. The walls are hung with a resonant claret-coloured felt. New glass has been fitted, with filters, in the lanterns, the coves painted cream, and the cornice and skirting grained to resemble oak. The cornice itself contains a discreet but flexible German lighting system. The parquet floor is to be covered by a dull leaf-green carpet. The greatest visual shock comes from the colour chosen for the sculpture pedestals - a deep, clashing scarlet.

A Victorian display case illustrated in an 1870 view of the gallery is the model for eight copies which will be placed in the middle of the galleries and filled with medals. But here the historicism stops and Clifford takes over. The picture hanging "on the line" instituted in the '30s, and still present in the east galleries, is being replaced by a tiered system, allowing some two-thirds more paintings to go on display. Probably quite wisely, the hang will not emulate the "Romantic" hang of the 1860s with canvasses crowding the walls from floor to ceiling, but there is also no historical evidence for the suites of seat furniture and grand console tables that are being bought to line the gallery walls.

The central octagon cum side-chapel presently housing the Hugo van der Goes Trinity Altarpiece, on loan from HM the Queen, will disgorge its treasure to take Poussin's seven Sacraments, on loan from the Duke of Sutherland, one for each wall. As the canvases have been darkened but cannot be cleaned because their pigment has sunk into the ground, they will be hung against an even darker silk and lit by spotlights. Decorative features from the various canvases will provide the decoration of the room - festoons of dry bay leaves and fabric swags, marble floor and chandelier. The scheme is eccentric at best, but surely more a faddish decorator's gimmick. Poussin, even Playfair, would be astonished.

The director's (long-term) scheme for the second internal octagonal room is more happily inspired. He intends to reconstruct a Wunderkammer or cabinet of curiosities such as 17th century collectors would have amassed. The idea is to cram it with stuffed alligators, nautilus shells, narwhal tusks and the like, of Durer's natural history studies, and the gallery's exquisite small "cabinet" pictures by Brill and Elsheimer.

On the upper floors the decoration is pure Clifford. Most successful is the transitional space, an oval staircase vestibule painted to resemble ashlar that acts as a sorbet to clear the palette after the heavy reds. It features 26 of the 170 plaster casts of antique busts that belonged to the sculptor Carlo Albercini and were acquired by the museum in 1839, but long held in storage. Grouped in tiers on socles copied from Cockerell's Bank of England, they make a stylish, effective display. What an improvement on the previous arrangement of teak door flanked by red cylinders.

Pale bordered carpet, woven to a 19th century design, continues throughout the completed south galleries. Each gallery, partitions removed, shares the same blue-washed skirting and cream dado, but the colour of the plain silks above the chair rail is taken from an individual painting. We are greeted by the deep rose of an 18th century French boudoir (complemented by Jacob chairs), progress to Russian furniture and brilliant blue (taken from a dress in an Andrew Geddes portrait), and to Beidermeir and malachite green (from a newly acquired conversation piece by Baerentzen). The late 19th century gallery (French provincial furniture) takes its ice blue from Sargent's lovely Lady Agnew; the Impressionist's look to the files in Degas's portrait of Diego Martelli for their eau-de-nil.

For a director so vista and colour conscious, the present decoration of the upper south galleries is somewhat mystifying. Standing with one's back to Lady Agnew, say, and looking through the galleries, one's eye is stunned by the Russian-doll succession of vivid colour. The modern spruce floors were carpeted because their lightness immediately drew the eye; but there is little chance of homing in on any paintings while their backgrounds are jewel-like blues or greens.

Timothy Clifford must be commended for wanting to make his pictures "dance and sing." To give them the same sort of environments for which they were painted, sculpture and furniture has been bought, or their acquisition organised through sponsorship. Contemplating these upper galleries from the supreme comfort of a "repro" Victorian banquette, it seemed to me that the "rooms" - unquestionably great improvements - could never seem domestic, or of the period of their works of art. They possess, perhaps inevitably, too much of the "decorator" look of the 1980s.

Treasures rediscovered

Gerald Cadogan reports on an outstanding exhibition of unnoticed Cypriot artefacts

"AND NOBODY knew they were there" is the only possible comment on the pieces of ancient Cypriot art that have been languishing unnoticed in Scotland but which are now gathered for an exhibition in the Royal Museum of Scotland in Chambers Street, Edinburgh.

Aphrodite's Island (until September 4) has some fine works that came in the last century; they display the artistic history of early Cyprus through the eyes and purses of those Scots who bought with acumen in the days before archaeology became an organised scientific discipline. What they obtained is a small revelation.

It was the foreign consuls in Cyprus who garnered the goods, mostly before 1878 when the British took over running the island (although it remained part of the Ottoman empire until annexed in 1914). One of them was Sir Robert Hamilton Lang, a son of the manse, who went to Beirut as a 20-year-old to work in a British merchant company.

He learnt Arabic quickly and must have been successful because he was sent to Cyprus five years later to open an agency there; he also became British vice-consul. He started to buy antiquities and even organised a digging team, undeterred by the lack of permits to do that or to take objects abroad. Lang left many of his pieces to the Glasgow Art Gallery; the best is a model of a high, barrel-backed chair, complete with wickerwork or leather thonging. Its liveliness and care in detail transport you back to around 800 BC.

The other consuls did the same as Lang, combing the island and competing with each other. They got so much that, as Lang wrote, "our houses became like earthenware shops."

Yet the divide between archaeology for knowledge and archaeology for profit was not so sharp as now. Lang had a solid faith in prosperity, happiness and learning, preferably under the beneficent sceptre of the queen of England, and considered a bilingual inscription his best find. He was a lucky man to realise such a dream, even if not at the level of the Rosetta Stone.

The chief of the consul antiquaries was *General Luigi Palma* di Cesnola, originally from Turin. He fought in the American Civil War and went to Cyprus in 1865 as US consul (which he combined with being Russian consul.) His zeal for digging and the enormity of his appetite were embarrassing. In Larnaca, he "explored" more than 3,000 tombs, and at Dhali over 10,000. What an indictment.

What could he do with his collections? Some were sold in small lots. Most went for $60,000 to the Metropolitan Museum in New York, where he became the first director. Many are still there, but there is a choice group in the Ringling Museum (of the circus family) in Sarasota, Florida. The show in Edinburgh has two vases he gave to a visiting Scottish divine in 1869.

Official digging in Cyprus began with the British administration, first under Max Ohnefalsch-Richter and then in 1882 under G. G. Hake following a proposal from a certain Lieutenant Kitchener, director of the Cyprus Survey, that London's South Kensington Museum (now the V & A) should be enriched. Edinburgh and Dublin also received finds. In 1883, however, the foreign residents started freelance work again; this was banned in 1887, and has been since. The ban helped the new Cyprus Exploration Fund to get under way; so did the fact that Cyprus was the only place where some classical archaeology was directly under British control.

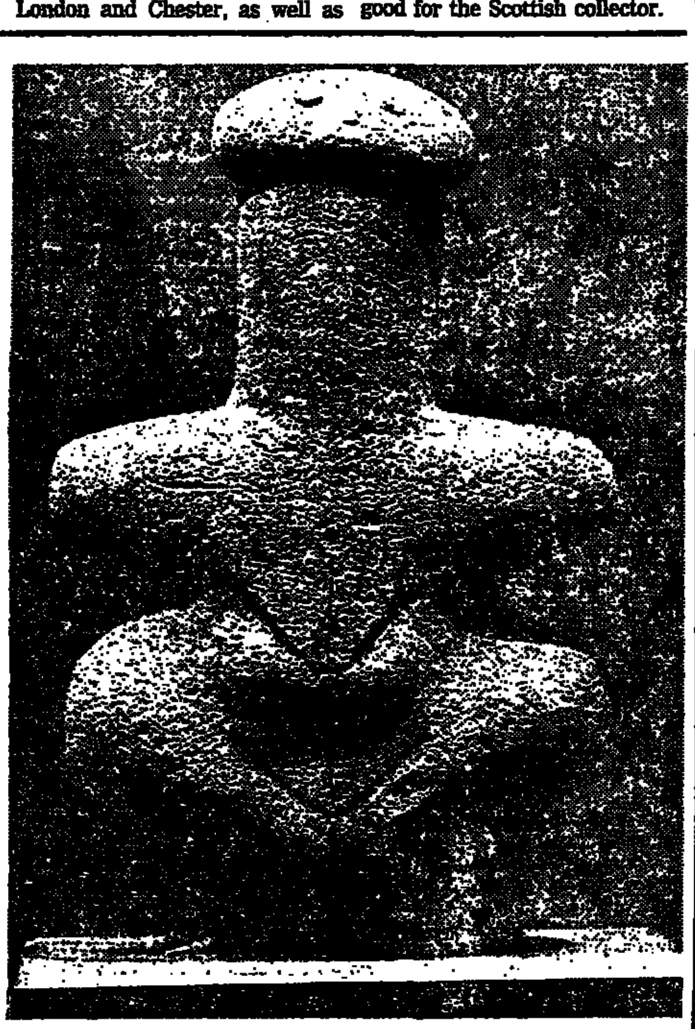
However, the digs in Cyprus of the 1880s and 1890s were hardly better than before, and sites were left riddled with pits. A British Museum team in 1897 was responsible for some of them. *Only in the 1920s did the Swedes* introduce a proper way of working, with the aim of sorting out the early history of the island. One aim was to date and understand the mass of objects that had reached museums in Europe and America in the late-19th century free-for-all.

Aphrodite's Island reveals the good eye of Lang and his colleagues, while giving a lively history of Cyprus from earliest human times (7th millennium BC) until today. It is not too large and it is satisfying for novices and experts alike. It also has some stunning photographs, drawings by Tessa Henderson, and modern textiles and vases. The vases have the same quirky humour, and relief animals and birds, as in the early Bronze Age, and the textiles remind us that ancient cloth does not survive in the earth, although we can have an inkling of it from the patterns on pots.

Finds from recent Scottish expeditions to Paphos are the counterpoint to digging 100 years ago. I was thrilled to see a very rare blue glass pendant of a nude fertility goddess, found by a St Andrews/Liverpool team in the 1950s. The type probably represents the Near Eastern goddess Astarte.

It is easy, also, to see other idols, miniature and large, as precursors of Aphrodite, who was the goddess of Cyprus and Paphos. An Edinburgh team found the best of these a few years ago. It is more than a foot high with an imposing mien and clearly female.

The soil of Cyprus continues to produce. Last year, the same Edinburgh group came upon a bowl set in a hollow in the ground. It is a model of a shrine, with a central hearth and a platform, the sort of architecture the team is exploring full size. Packed in the bowl were a conch shell and figurines, broken or defaced as if to set them apart. One is a woman giving birth.

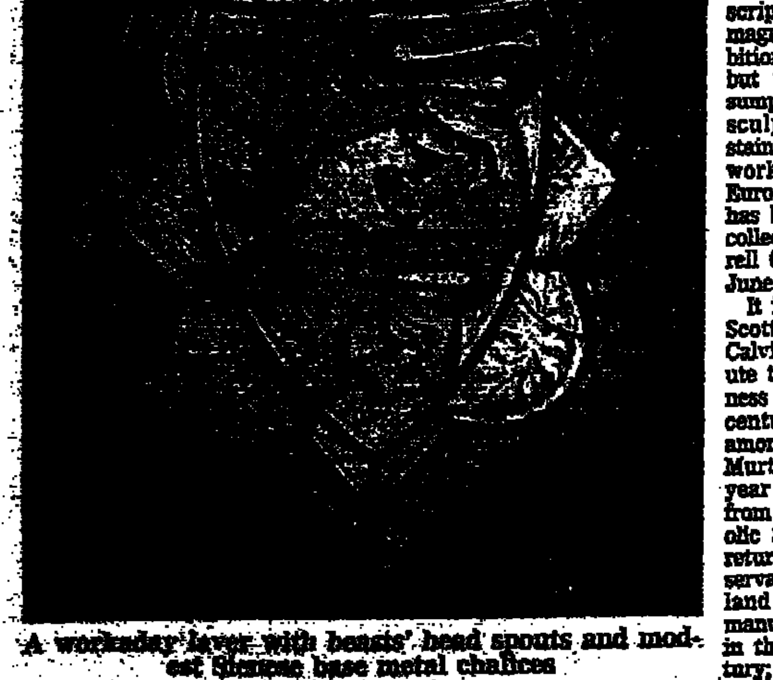


A limestone figure, probably a goddess, about 3,500 BC, known to its discoverers as the Lemba Lady

Scotland still produces surprises from the old days in Cyprus. The earliest piece in Aphrodite's Island is a Neolithic stone bowl obtained by a district commissioner around the turn of the century. It had held visiting cards and nobody knew what it was until 1975 when an expert spotted it. Now, it is a museum piece in Aberdeen.

A Mischievous Pastime, by Elizabeth Goring (£6.95) is the catalogue of the exhibition and has an account of 19th century digging in Cyprus, on which I have drawn. How much the protagonists heeded the story of Lord Elgin and Byron's Sassenach invective, I do not know.

Burrell's tribute to taste



A workaday laver with beasts' head spouts and modest Sienese base metal chalices

"RARER GIFTS than Gold" presents a fascinating Scottish postscript to the Royal Academy's magnificent Age of Chivalry exhibition; its range at once broader but more restricted in date. A sumptuous medieval treasury of sculpture, ivories, textiles, stained glass, coins and metalwork made in 14th century Europe (not Plantagent England) has been gathered from Scottish collections for display at the Burrell Collection in Glasgow (until June 26).

It is less a survey of medieval Scottish art (so little survived Calvinist iconoclasm) than a tribute to the taste and acquisitiveness of the country's late 19th century collectors. Star turn among the exhibits is the lavish Murthley Hours, acquired last year by the National Library from the descendents of the Catholic 3rd Marquess of Bute, and returned only recently from conservation. Its importance to Scotland is that it is the richest manuscript known to have been in the country by the 15th century; moreover, it is bound with 14th century prayers, the earliest example of written Scottish Gaelic.

While the majority of the exhibits are works of art represented equally well in English collections, the tapestries (William Burrell's greatest passion) and stained glass are spectacular. Burrell acquired two, albeit restored, fragments of the famous Apocalypse Cycle commissioned by the Duke of Anjou, the largest surviving medieval tapestry.

He also claimed the only extant pieces of late-14th century heraldic tapestry. Their engaging, striking, perspectival design of heraldic beasts - lions, elephants, stags and unicorns - set in crenellated castles is symptomatic of the development of pictorial space in art of the period. The prized Opus Anglicanum embroidery on show, inserted into a later dalmatic, once again holds up a mirror of the medieval world. Its panels describe the early life of the Virgin, including a vignette of the future mother of Christ learning to walk on a 14th century wheeled baby-walker!

That century's cult of the Virgin also is evident in the exhibition's exquisite boxwood, ivory and alabaster figurines (alabaster began to be carved only in the 1320s). The growing belief in the value of private devotion is witnessed by the large numbers of these small devotional objects. One deeply-carved French or Flemish diptych apparently was found in a hog's trough in Mansfield, Nottinghamshire, in the 18th century; the right half is in the British Museum.

Not all the exhibits are grand, and for this reason their survival is perhaps all the more remarkable. The picture shows a workaday laver with beasts' head spouts, and modest Sienese base metal chalices silvered or gilded with copper and enamelled. Richard de Bury's mammoth chest, decorated with brightly coloured heraldic shields, is but one of a number of precious items returned to Scotland from Burlington House in London.

Susan Moore

A tale of two cities: **Lucia van der Post** discovers the elegance of Edinburgh and the go-ahead sparkle of

Tips for the consumer clan

THE LOVELY thing about Edinburgh is that not only is it quite extraordinarily beautiful but for the would-be explorer it is clearly laid out, and being relatively compact you can easily tackle it on foot. There is also the pleasing contrast of the old city, of the almost medieval nooks and crannies off the Royal Mile and the serene splendour of the New Town with its fine squares and crescents. For those of you who don't know the city perhaps these suggestions will give you somewhere to start.

Words of warning

Princes Street, which I had remembered as one of the grandest, most imposing, most traditional of streets, is now, for me, at least, an entirely missable feast. Only Jenners has retained any of the old atmosphere. And even Jenners (ah, dear me) isn't what it was. However, if you're looking for some authentically Scottish presents it is worth a visit. There are splendidly sturdy wooden butter pats and breadboards with the carved thistle pattern and the Scottish foods - Jenners own-label butter lemon cheese, raspberry preserves, whole strawberry preserve, mint humbugs and pure butter shortbread all seemed like good buys.

Art

Edinburgh struck me as a very good place for the would-be collector to start collecting. Tucked away in what seemed unlikely places are the sort of galleries that are a pleasure to browse in.

The Open Eye Gallery, 75/79 Cumberland Street, Edinburgh EH 6 RD. An exhibitiion of the recent works of Donald Manson was just about to open (it's on until May 12) and though I wasn't tempted to buy, many people would love his rather gentle still lifes. Certainly, another visitor going round the gallery with me couldn't stop exclaiming over the prices (quite large canvasses at about £800, smaller ones from £180). Also some very fine ceramics by Andrew Broughton-Tompkins which I did rather covet and which again seemed way below the going London prices.

Hanover Fine Arts, 104-106 Hanover Street. This gallery was full of exceedingly accessible works, all by Scottish artists, at exceedingly accessible prices. The one picture I truly coveted had already gone and at £120 could, I'm told, have been sold many times over, but there was lots of choice from £30 upwards.

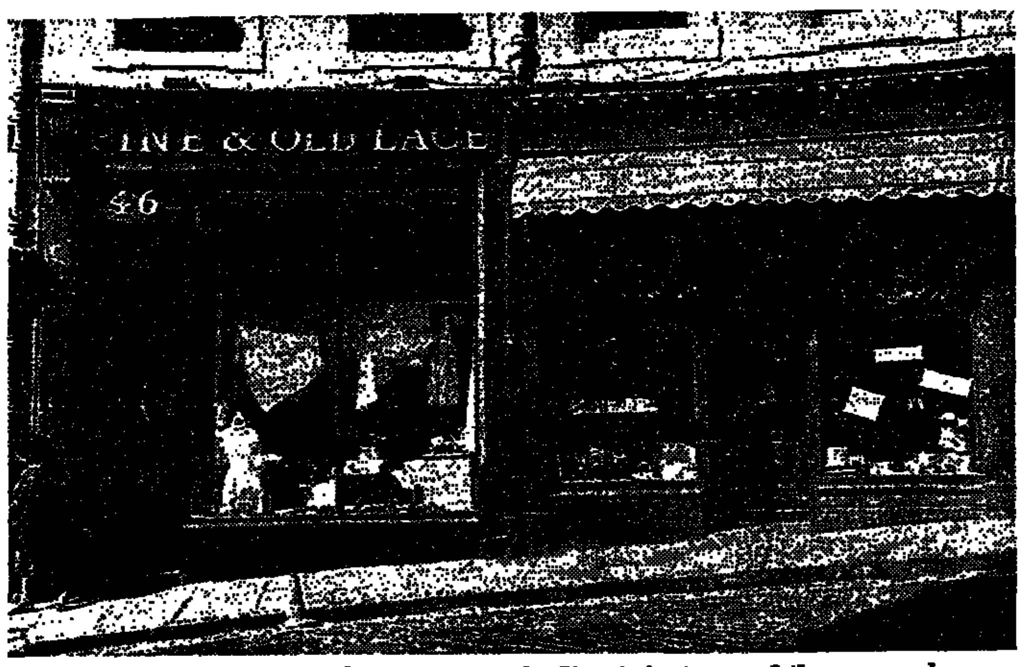
Coleridge, George Street. Most famous for its modern glass - go either for some eminently desirable and usable goblets by Lindean Mill, some delightful vases and bowls in the Memphis style or for some of the more exclusive special pieces by Peter Layton whose exhibition has just opened.

Scottish crafts

No visitor to the city could miss the many touristy shops selling the kind of tartan-clad tat that they seem to think tourists want. If you're looking for something with a Scottish flavour but a bit of style give them a miss and head for these two shops instead.

The Glassmarket, 25 Jeffrey Street. A fine shop specialising in high-class Scottish wares, clean, classy and refreshingly free from tawdry trinkets. Beautiful glass by Lindean Mill, fine ceramics, marvellous wooden engines made from spare bobbins left over from the abandoned mills, and a fine selection of postcards.

Macdonald Nelson Trading Company, 34 Victoria Street. If you MUST buy something with some tartan on it, you should take a look at Macdonald Nelson. Handpainted wooden buttons, all embellished with some form of tartan, as well as hand-painted (tartan, of course) loo seats. Lots of woollens, soaps, toys, prints as well - all "Made in Scotland."



Pine & Old Lace, in Edinburgh's Victoria Street, just one of the many shops packed to the brim with old treasures

David Ingram, of Dunedin Antiques in North West Circus Place, with an 1820 paper scroll tea caddie

Antiques

Edinburgh is the bargain hunter's dream city. There are lots of really small scruffy shops which keep you endlessly on the alert for bargains or pieces that may give endless pleasure. If you have limited time I would suggest three areas for the antique lover to home in on - the old area round Victoria Street, Grassmarket, Jeffrey Street and Candlemaker's Row, or Thistle Street and Dundas Street or St. Stephen Street, leading into North West Circus Place.

Starting with Grassmarket at No. 4 there is **Eric Davidson**, who has the kind of antiques that you would need if you have just exchanged your small London pad for a castle retreat in Perthshire. Several floors of quite heavy furniture but in between look out for pictures, candlebra, china and the like.

At 54 Candlemaker Row **Ewan Lamont** has an eclectic mix of bric-a-brac, paintings, books, pottery, as well as a few museum-quality pieces tucked away in display cabinets. I came away with some rather wild cupid brass candlesticks that I certainly couldn't have found at the price in London.

The Little Red House, 62 Candlemaker Row, sells old textiles and linens - some beautiful antique blouses, Paisley shawls (sometimes), cushions made from torn Pailsey shawls and fine old embroidered pillowslips.

Ye Olde Curiosity Shoppe, Victoria Street. It is, apparently, often closed, and indeed was so on the day of my visit but my Edinburgh spy tells me that she regularly checks it out for its Wemyss Ware and Clarice Cliff.

Tessa Bennett Antiques, 18 Victoria Street. The antique shop I most enjoyed browsing around. Not large but Tessa Bennett has a good eye for decorative pieces. There is usually a selection of antique Paisley shawls (I much coveted one but baulked at the £370 price tag only to discover later that for a shawl in perfect condition that is almost in the bargain class!), samplers, linen, china, silver and some Scottish pottery and treen. Collectors of Mauchlineware should head for Tessa Bennett as there is always a good selection in stock.

Paul Couts, corner of Victoria Street and Grassmarket. Classy antiques - the place to go for fine Georgian furniture, mirrors, candlesticks and some pictures.

Aldric Young, 49 Thistle Street. Rather expensive fine furniture - a 17th century walnut chest on stand at £6,500 was there on the day I looked in as well as ornate gilt mirrors and there is always a selection of Adam mantlepieces.

Kenneth Jackson, 68 Thistle Street, goes in for decorative pieces like French armoires, tapestry-upholstered furniture, statuary and paisley shawls.

Ellen Ford, 37 Thistle Street. A small shop but always worth looking at - you never know what you'll find.

Joseph H. Bonnar, 72 Thistle Street. THE shop for the jewellery lover. Small, dark and jewel-like itself, it always has lots of Art Deco pieces, fancy diamond rings, Victorian rings, amethyst and citrine necklaces, as well as a good selection of cufflinks and dress-sets.

Letham Antiques, 20 Dundas Street. Dundas Street is well worth wandering up and down - start at Letham Antiques, where there is a large selection of old china of all sorts, silver, furniture, pictures.

Unicorn Antiques is much scruffier but hunt around and you may find something. Lots of old brass rods and door handles. Downstairs is some stripped pine and a workshop for paint effects of every kind.

Alan Day Antiques, Dundas Street. Hunt around and you may be happily surprised - I bought a charming pub rummer for a fraction of the going London rate.

Margaret Brown, St. Stephen Street, Stockbridge. This tatty little street, full of builders' debris and rubbish is a must for the ardent shopper. Lots of little antique shops. At Margaret Brown's you'll have to ring the bell and then you can enter and rummage around - there was some truly beautiful blue and white Spode the day I looked in but clearly it's pot luck.

Hand in Hand, 3 North West Circus Place (just around the corner from St. Stephen Street) is one of Edinburgh's most famous shops - full of impeccably laundered old linens and textiles, Paisley shawls, Victorian bedspreads, lace camisoles, antique pillowslips and the rest. I found it charming but very over-priced.

Fashion

Rosie's Hats, 58 Candlemaker Row. A marvellous collection of straw boaters, floppy widebrims and Rosie's own collection of fine silk trousers, dresses and jackets.

Clare Schilska, 46 Candlemaker Row. Colourful, striking, and utterly modern in feel, Clare Schilska has her own inimitable way with wool and once you've seen her style you'll know it anywhere. Long, striking cloaks to wrap you up against the Edinburgh wind, long scarves, big sweaters.

Campus, 42 Grassmarket. This must be where the well-heeled undergraduate buys her clothes - lots of Jean Muir and lots of ballgowns.

Chris Clyne, 66 Dublin Street. One of Scotland's best-known fashion designers - very pretty, wearable clothes but nothing is cheap. Look for elegant daywear and dazzling evening dresses - daywear starts at about £200, ballgowns at £1,000.

Droopy & Browns, 70-72 Frederick Street, is, I imagine, where the undergraduate set buy their ballgowns. Lots of nostalgic, romantic evening wear, full of ribbons and bows.

Number Two, 2 St. Stephen Place. Really beautiful knitwear - I would call it designer knitwear if the term hadn't been so debased. Look out for marvellous *cotton rose-strewn jumpers*, for Johnsons elegant fine lambswools and a whole host of covetable hand-knitted numbers.

Stewart Christie, 64 Queen Street. Something for the men. Bespoke tailor for made-to-measure Inverness capes - should keep him warm on the moors.

Geoffrey (Tailor) Highland Crafts, 57 High Street, for a huge selection of Highland dress. Kilts made-to-measure and more than *200 kilts in 60 different tartans* for hire. Also warming tartan blankets, Aran and Icelandic sweaters.

The Shetland Connection, Lawnmarket has lots of real Shetland knitwear as well as a big selection of children's Fair Isle sweaters and hand-knitted Arans.

Edinburgh Woollen Mill, 139 Princes Street. Don't go for style or high fashion but for incredibly well-priced basic knitwear.

Classic

Harpers Country Style, Victoria Street. Redolent of country pursuits - Tattersall check shirts (only £8.95 each), North Sea Stockings warm enough to keep the sharp east winds at bay, decoy ducks, Radnor caps, Harris Tweed hats, shooting sticks, woollen rugs for chilly Highland picnics and a wonderful selection of walking sticks,

Guns to be proud of, from John Dickson, 21 Frederick Street, one of the oldest gunsmiths in Edinburgh

John Dickson, 21 Frederick Street. For the hunting, fishing and shooting set. Look in the ledger and see Queen Victoria's present to her ghillie listed. If the 12th of August is indelibly marked on your calendar and you're missing a gun, this is the place for you. A gun from John Dickson is a finely-honed precision instrument that won't leave you much change from £20,000.

HOW TO SPEND IT

Roxton, 52 George Street. Roxton has the look of a long-established Edinburgh purveyor of wares to the hunting, fishing and shooting set but in fact is less than a year old. However, the air of authenticity is unmistakable - whether it be a tweed suit (will it be with trousers or breeches, sir?) or a Loden cloth coat (a shooting friend tells me they are the best of all for keeping out the damp and the cold) you may be sure it does its job naturally and well. There are navy wellies to go with navy waxed jackets and there are some marvellous waterproof-backed picnic rugs (£37 each) which every Scottish picnicker could do with. A good place too for small Highland presents - some marvellous paper weights, hipflasks and the like.

Presents

The Bay Tree Company, 54 Hanover Street. One of the nicest shops specialising in everything *made from paper that I've seen.* If it's just a notebook or a pencil that you want it'll be prettier here than anywhere else.

Home

Inhouse, 28 Howe Street. A marvellous shop specialising in fine quality contemporary design of all sorts - locals obviously would stop off there for everything from a Magistretti chair to a Cassina sofa but the passing visitor could glean many a lovely memento. Fine prints, wonderful black rubber table-mats (a good alternative for those who are tired of hunting scenes), lots of classy china, glass, cutlery and the nicest oven gloves I've yet come across. Also very modern super lighting. Well worth a visit.

Inscape, Dublin Street. Wonderful dried flowers - not dusty old bunches of daisies but really interesting and beautiful collections.

Records

The Gramophone Emporium, St. Stephen Street.

Said to be Miles Kington's favourite shop. Scrummage around for ancient 78s, LPs and lots of rare items.

Food

Valvona and Crolla, 19 Elm Row. Edinburgh people urged me to visit this marvellous Italian provisioner. Mama and Papa Contini give some authentic Italian colour and purvey everything from fresh Parmesan to pasta galore, bitter chocolate to Italian wines.

Kinnells, 88-92 Victoria Street. Hand-made oatcakes, marvellous preserves, Raspberries in cassis, handmade chocolates, fine teas and coffees and highclass catering service. If you're off for a day's outing you could order their take-away lunch boxes, filled with things like smoked salmon and caviar.

Whisky

The Whisky shop, Waverley Market, Princes Street, has the biggest range of whiskies in Edinburgh - about 500 malts and 200 - 300 blends. Also some mind-boggling souvenirs.

Continued on next page

Ruth Hand, owner of Hand in Hand, models some of the clothing available in the shop, which stocks laundered and restored old linen and lace, period nightgowns, silks and satins and old jewellery – though all at a price

• D I V E R S I O N S •

Glasgow and finds there is more to shopping in Scotland than tinned shortbread and tartan tourist tat

Style struts in Glasgow

POPULAR prejudice, for those who haven't ventured North of the border, is that Glasgow is a grim Northern city, more notable for impenetrable accents, urban decay and delapidated buildings than the sort of metropolitan charms that might tempt the wandering traveller.

In fact Glasgow has gone through an amazing renaissance in the 1980s. The Merchant City has been completely transformed; all those derelict and crumbling blocks of fine Victorian architecture have been lovingly restored. At last the city centre is coming alive again. The young and upwardly mobile are pouring into the restored flats and new housing developments.

Regular readers of the arts pages will need no reminding that there has been a huge cultural explosion in the city. Mayfest (May 1-21) is the second biggest international festival in Britain. The Mahabharata is playing to full houses. The Citizens' Theatre has one of the best theatre companies in Europe (don't take just my word for it, ask Michael Coveney). The Glasgow Boys, a group of young, thrusting painters (Steven Campbell, Adrian Wiszniewski, Peter Howson) are currently the darlings of the New York art world. And if you want further confirmation of the vibrancy of the Glasgow art scene turn to page XXIII where several of our art critics take a serious look at just some of the current events.

The Courthouse Fashion Centre is another part of the rebirth of the Old Merchant City. A joint venture between the Scottish Development Association, the district Council and private enterprise, it will make use of the old vacated Sheriff Court. It has a "B" listed 19th century interior and by 1990 (the year when Glasgow becomes European City of Culture, much to Edinburgh's chagrin) it will house shops, design studios, a costume museum, catwalks, library and what is rather ponderously referred to as a "resource centre".

Edinburgh may still be the city for the lovers of the old, the traditional, the gracious, but Glasgow is newer, brighter, the city for the style conscious. As one of Scotland's leading fashion journalists told me, "Glasgow is much more clothes conscious than Edinburgh, you can see someone walking about in £1,000 worth of clothing every 15 minutes."

There's a strong and flourishing sense of Glasgow style, which many of the young fashion designers are beginning to express in particularly vibrant form. As Anne Simpson, Chief Assistant Editor on the Glasgow Herald, put it in an introduction to a booklet on "Glasgow Style" - "Style struts through the city, as brazen and beckoning as sin. Such self-regarding relish isn't new. Even in its grimmer moments this city has always known how to rise above the grotesque with swank. Today, though, a vivid and determined colony of home-grown designers have added another dimension to the Glaswegian's profligate delight in dressing up."

People like Lex McFadyen, Spencer Railton (who worked with Jean Muir), Moira Withers, Pod and Joyce, Lyndie McIntyre, Jillie Blackwood, are all exciting and exhilarating indigenous talents. So exciting, indeed, is the current scene that this this week's edition of The Clothes Show, focussed exclusively on the Glasgow fashion scene.

Glasgow has finally sloughed off its "no mean city" image. It buzzes with energy and excitement. There is a pulse beating away there. It is, say some, the New York of Britain.

Shopping centres

The Briggait, 72 Clyde Street. Open Monday to Saturdays from 9.30 - 5.30 pm, closed Tuesdays and open on Sundays from 11 am to 5 pm this is a place not to be missed. Here in a beautiful listed 19th century fish market is a collection of different shops selling presents, crafts, clothes and masses of young fashion shops.

Princes Square Shopping Centre. Just opposite Frasers in Buchanan street is this new shopping centre, long-awaited by the locals. A vast and rather beautiful emporium designed around a mosaic courtyard on two floors with glass-fronted elevators and ornate wrought-iron balconies in Art Nouveau style, it is well worth a visit. Here Katharine Hamnett has her only shop outside London. Whistles, too have just opened here, the first high class London retailer to come to the development. They are selling their own label as well as Lolita Lempicka, Georgina Godley, Myrene de Premonville.

Antiques

Glasgow doesn't have a lot to offer the dedicated antique hunter but there is one phenomenon that is not to be missed. Sunday morning at The Barras in Glasgow's East End. Ask any Glaswegian where it is and he will probably lead you there himself. Huge warehouses and stalls are piled high with anything from real old tat to amazing bargains. Tales of bargains are legion. Somebody I met had bought a captain's sea-chest for £2.50 and a partner's desk for £3 - and not years ago, either, in the past six months.

Victorian Village, 53-57 West Regent Street, is worth a wander - a number of tiny shops sell everything from period clothing to silverware, Art Deco,militaria, porcelain and other bric-a-brac.

Virginia Street Galleries, a collection of shops selling bric-a-brac, antiques and some clothes.

Fashion

The Warehouse, 61-65 Glassford Street. Not to be confused with Jeff Banks' Warehouse Utility Clothing Company. All the top names like Jasper Conran, Jean-Paul Gaultier, James Logerfo, John Flett, Dries Van Noten, Timney Fowler and Joseph's Pour La Ville collection as well as. Butler & Wilson jewellery.

Cruise Clothes, 172 Ingram Street. For men and women, clothes as elegant as they come. Sara Sturgeon, Elaine Challoner, English Eccentrics and Jane Stott. Amazing shirts for men.

Dream your dreams in a fourposter and dine in sumptuous comfort at Glasgow's One Devonshire Gardens

HOW TO SPEND IT

Ichi-Ni-San (Japanese for 1,2,3), 123 Candleriggs stocks Betty Jackson, Workers for Freedom, Lance Hughes, Ally Capellino and the Cloth.

Campus, 3 - 5 Gibson Street, *like its Edinburgh cousin*, has lots of designer names and lots of evening wear.

Home

Inscape, 97-99 Great Western Road. Piles and piles of baskets and dried flowers of every conceivable kind, as well as potpourri and silk flowers.

Collections, 109 Candleriggs. Very smart, new interior design shop with furniture by David Murphy and much else for the home besides.

Need a haircut?

Glasgow boasts some hairdressers that really are world class.

Irvine Rusk, 49, West Nile Street. (Tel: 041 221 1472). Irvine and Rita Rusk are currently British Hairdressers of the Year, classy crimpers who bomb around the world spreading the Glasgow style gospel but whose well-trained stylists will give you a cut to conjure with.

Scrimshaw's, 3 Wilson Court, Wilson Street (Tel. 041-552-5252). Lots of minimalist decor, zany style and absolutely up to-the-minute cuts.

Free

Don't set foot outside without a copy of Glasgow for Free by Debra Shipley and Mary Peplow, published by Grafton, £2.50.

Where to stay

One Devonshire Gardens, Tel 041-334-9494. Just eight bedrooms, this is for those who want nothing but the best. Deep, glowing Victorian colours and Victorian-style comfort to make you glow, too. Real, deep comfort.

Babbity Bowster, 16 Blackfriars Street (Tel. 041-552-5055). At the other end of the scale Babbity Bowster is a true Glaswegian inn, a very bustling pub/restaurant/hotel. Its comfortable and reasonably priced (about £25 for a double room room B & B).

Where to eat

There are some super food shops to whet the appetite - try Roots and Fruits at 457 Great Western Road. When it comes to eating out, there is a marvellous ethnic mix with lots of Pakistani and Indian influence around.

For Indian restaurants head for Gibson Street in the West End of the city where local journos from the BBC and academics from the university make up the regular clientele.

Shish Mahal, 45 Gibson Street, word has *it*, is the best with generous portions, delicious tandoori and reasonable prices.

One Devonshire Gardens, besides being a seductively opulent hotel, is a mecca for the city's foodies. Short, interesting menu with prices at about £37 for lunch, £50 for dinner.

Chimmy Chungas, in the Great Western Road, was made famous in the brilliant cult TV series Tutti Frutti (fans will remember that it was where Suzi Kettles alias Emma Thompson, worked as a cocktail waitress) and is still popular with trendies who wend their way there for the great Mexican food.

Ubiquitous Chip, Ashton Lane, off Byres Road, is famed for its excellent wine list, fine venison and steaks.

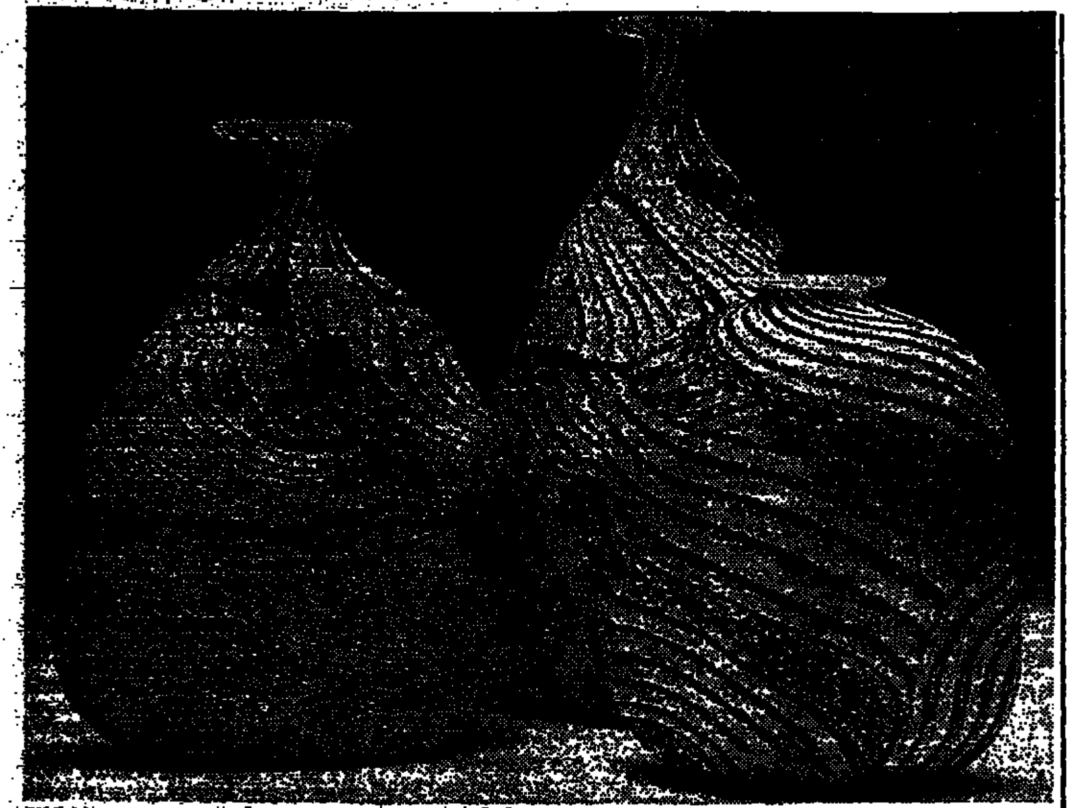
Loon Fung, 417 Sauchiehall Street. Authentic Chinese cuisine, Dim Sum a speciality. About £27 for two.

The Buttery, Argyle Street, for modern French-style food, beautifully prepared and skilfully presented. Lunch (*table d'hote*) £11.50, *à la carte*, £20 - £25 for two.

Rogano, 11 Exchange Place. Famous fish restaurant recently restored to its original Art Deco splendour. Formal service and lots of pampering. Dinner, £50 - £55 for two. There is also an oyster bar and downstairs a less formal diner.

The Horseshoe Pub, Drury Lane, has the longest bar in Europe and the cheapest three-course lunches - £ 1.50 when last visited and very nourishing it was, too.

The Willow Tea Room., 217 Sauchiehall Street. Charles Rennie Mackintosh's winner of a tea room - real glamour here, all lilac and silver splendour. Lovely teas and coffee, croissants, crumpets, pancakes and toasted muffins.



Studio glass from Peter Taylor's current exhibition at Coleridge's fine showrooms in Edinburgh's George Street

Continued from Page XX

Free

There's lots to do so buy a good guide. Here is a small sample that I managed to take in.

The Museum of Childhood, The Royal Mile. One of the most delightful museums I know. The day I was there most of the tourists could hardly believe that all this enchantment could be had for free. Full of delicious dolls, old-fashioned toys, as well as some timely reminders of the days when the Midlothian mines were mostly 'manned' by children. A small selection of quite charming presents for children - mainly colouring-in books and the like — are on sale.

National Gallery, The Mound. Such a pleasure to wander round a gallery and not be pressed by crowds. You won't be able to take it all in at once so for starters make for the Scottish artists in the basement and don't miss the Poussins in room 14.

Scottish National Portrait Gallery, Queen Street. Lots more local colour for the gallery was founded in 1882 to "illustrate Scottish history by likenesses of the chief actors in it" - all those formidable looking chieftains certainly give one quite a sense of history.

Eating out

If you still think of Scottish food as stodge and starch you're in for a happy surprise. No doubt largely due to its student population and the attraction of the Edinburgh Festival there is now a vast choice of attractive places to eat, from the grand and imposing Pompadour Room in The Caledonian Hotel, Princes Street, to the many pubs and wine bars serving good wholesome food at (by London standards) exceedingly reasonable prices.

Go armed with Conrad Wilson's Where to Eat Well in Scotland (published by Gemini Books, £2.95).

L'Auberge, St. Mary's Street, tel. 031-556-5888. French and classy with the kind of service that one had feared was out of fashion. Dinner will set you back at least £25 a head but there is an excellent two-course lunch for around £7 a head.

The Howtowdie, 27a Stafford Street, tel. 031-225-6291.

Nowhere is the visitor more grateful for the lingering influences of the Auld Alliance than when it comes to food. If you have yet to discover the glories of Scottish cooking now is your chance. The Howtowdie serves it at its best. Try the Scottish menu for £20 and you will not be disappointed —parcel of haggis served with a creamy leek sauce, cullen skink, collops in the pan and cream of Rob Roy.

Le Chambertin, George Hotel, George Street. If you want conventional posh French food (and why not?) in elegant surroundings this is where you go.

Tinelli's, Easter Road. Brilliant Italian domestic cooking, lots of interesting pastas and very inventive recipes.

The Vintners Room, 87 Giles Street. For ye ancient atmosphere - seventeenth century plasterwork and antique decor, all in the Malt Whisky Vaults in the heart of old Leith. Excellent, moderately priced food.

Handsel's, 22 Stafford Street. Beautifully restored Georgian town house turned into a very popular restaurant. Fine Scottish produce with a touch of *nouvelle cuisine.*

Covetable goblets and tumbler hand-made by Lindean Mill in Galashiels, stocked by Coleridge and The Grassmarket

Where to stay

The Caledonian, Princes Street. Tel. 031-225-2433. Large, grand and with impeccable service but not for those who are looking for countryhouse charm.

The George, George Street. Tel. 031-225-1251. Traditional Scottish hotel. Very expensive and rather dark. Its chief claim to fame is its wonderfully central position and its respectable establishment air.

Prestonfield House, Priestfield Road. Tel. 031-668-3346.Just outside Edinburgh, it's the place to go when you want to be cossetted. Baronial grandeur, set in its own parkland.

Motoring

Take a Seat — or two

ARE THE Scots as tight-fisted as tradition would have us believe?

A friend tells how he was travelling from London to the far north of Scotland on his BMW motorcycle with a baggage trailer. On the Forth road bridge, near Edinburgh, he was charged a toll of 10p. But on the next estuarial crossing — the Dee, I suppose — 30p was demanded because of the trailer, although the bridge was nothing like so grand.

When asked why, the man in *the toll booth replied*: "The farther north you go, the meaner we get."

A true story? My friend, who is of Scottish descent, swears it is. But I reckon the Scots are just careful about how they spend their money. That applies particularly to things like cars which start to depreciate the moment you sign the cheque.

All of which suggests that the Seat Marbella, the latest import from Spain, is likely to get a warm welcome north of the border when it arrives in Britain on May 23. Few cars today are cheaper to buy or run. Exact prices will be announced nearer the day but I expect them to be at least 5 per cent below those of comparable Fiat Pandas.

That suggests a base 850L model price of about £3,800, with the 900GL costing between £4,150 and £4,200. This means the Marbella will undercut everything on the market except for the geriatrics from East Europe. Both models are in insurance group one.

The Marbella is really a Panda that speaks Spanish with a German accent. As a design, it is a hangover from the days when Seat was Fiat's subsidiary. But Volkswagen took over Seat and its engineers have reworked the little car.

"Now, we are either the Latins of the Volkswagen group or the Volkswagen of the Latins," said Seat managing director Juan Jose Diaz Ruiz at the launch of the right-hand drive Marbella in Madrid last week. "The car is Latin in looks but German in quality, reliability and performance."

Individually, the changes are small — things like modifications to the 843 cc and 903 cc engines to improve efficiency and reduce exhaust emission. Both will run on two-star fuel; the larger one can also use lead-free petrol.

The main difference between the two models is that the 850L has a four-speed gear-box while the 900GL includes the five-speed box from Seat's own-designed Ibiza.

Externally, they are the same, with plastic body protectors all round. The 900GL has a nicer inside and a rear-window wash/wipe. But even the 850L has twin exterior mirrors, two-speed wipers and reclining front seats.

Driving the Marbella was a refreshing change after all the multi-cylinder marvels stuffed with sophisticated electronics — a bit like having a ploughman's and a pint after too many banquets.

The main N4 road south of Madrid has all the charm of Scotland's M8 and nearly as many heavy lorries. But the 850L, its engine buzzing cheerfully, kept up easily with the stream. It showed just over 60 mph (100 km/h) on the speedometer in third and more than 80 mph (128 km/h) downhill in fourth.

Off the main highway, it belted nimbly up and down twisting hills and rode buoyantly on the rough bits. In the narrow streets of small towns — yes, we got lost, but of course I blame the map — only a bicycle could have been handier.

The official figures suggest the 850L would give an owner about 40-45 mpg (7.06-6.2 litres/100km) in normal use. With its higher gearing, the five-speed 900GL would be slightly more economical, especially on the open road.

Having another five horsepower (40 against 35) the 900GL feels livelier, but anyone looking for a car to use as a shopping basket would be happy with the 850L. Five-speed gear-boxes mean *nothing* when your average *trip* is to the school or supermarket. In fact, a four-speed box might even be preferred.

The seats are quite comfortable, although I would have liked more rearward adjustment and the roof was too near my head if I sat upright. As the rear sill is low it should be easy to hump heavy things into the Marbella, and the load floor is flat.

Who will buy it? Obviously, people with little money to spare who have become fed up with second-hand cars and want to start from scratch. But it could also appeal as a runabout for the retired because it is light to handle and would carry dogs, golf clubs or grandchildren.

In fact, anyone who wants a box on wheels that should give no trouble is a potential Marbella buyer. You could think of it as a three-door successor to that ultimate household hold-all, the Renault 4.

Future variants will include a higher-roofed van called the Terra that will be offered also with side windows and a back seat. And a Marbella with switchable four-wheel drive is a distinct possibility.

Stuart Marshall

Anthony Curtis looks at two books on that most eccentric Scot, Robert Louis Stevenson

The laird of Samoa

ROBERT LOUIS STEVENSON: THE LANTERN BEARERS AND OTHER ESSAYS
edited by Jeremy Treglown. Chatto & Windus. £16.95, 290 pages

DEAD MAN'S CHEST: TRAVELS AFTER ROBERT LOUIS STEVENSON
by Nicholas Rankin. Faber & Faber. £14.95, 366 pages

WRITING FICTION is a sedentary occupation pursued, unlike most jobs, in solitude. Robert Louis Stevenson succeeded in turning it into something else. If ever there was an example of the writer as a do-er and a go-er rather than a stay-at-home or a martyr to the cork-lined study (Flaubert, Proust, James) it was he. From Edinburgh to Bournemouth to the Cévennes, to San Francisco and to Monterey in California, to Hawaii and Samoa where he died, was the basic itinerary. An industrious invalid, a rooted expatriate, a *bookish* man-of-action, a poet who relished local politics, a scholar who avoided libraries, Stevenson was a fiery bundle of contradictions until he burnt himself out living the life of an eccentric Scottish laird among the tribesmen of Polynesia.

The local peasants were by no means his only company in his exile. Stevenson would act as host to visiting Americans like Henry Adams and John La Farge; he would hobnob with German officials and Catholic priests; he would involve himself in the internecine quarrels of the indigenous royals, and at the same time preside over his own family circle which he had brought along with him; his mother, his American wife Fanny, considerably his senior, her son Lloyd and daughter Belle who became his amanuensis when he was to weak to drive his pen, her young son Austin, and occasional transient relations who voyaged out to see them.

During those final years from 1890 to 1894 he wrote *The Beach of Falesá*, *The Ebb Tide*, *Catriona* (the sequel to *Kidnapped*) a history of Samoa, *The Wrecker* (with Lloyd), the unfinished *Weir of Hermiston* and various shorter tales and poems. In between he made extensive additions to his house; he hedged and ditched; pruned the weeds and planted cacao seeds; rode his horse Jack on long treks; explored the courses of the five surrounding rivers; learnt the native languages; played the flageolet with which he accompanied Belle on the piano, and diverted himself with chess and cards.

Stevenson was also a punctilious letter-writer and for the whole of the time he kept up a correspondence recording the chief events of his life and his literary labours with his mentor Sidney Colvin, the art-historian. In 1892 it occurred to Stevenson that "a man could make some kind of book out of it [his correspondence] without much trouble" which Colvin promptly did in the posthumous *Vailima Letters* a few years later. To savour the full range of Stevenson's non-fictional prose they need to be read alongside Jeremy Treglown's new selection, *The Lantern Bearers And Other Essays*. In the letters we have the larky, bonhomous, spontaneous Stevenson exerting that power of anecdote with which he charmed his circle at the Savile Club when in London. To be sure, the essays are by no means devoid of humour, as is evident in the earliest printed here, The Philosophy of Umbrellas (1871), but they are set-pieces, intricately engineered constructions whose steely sentences take the strain of the writer's meaning with easy grace.

Treglown has wisely included those essays where Stevenson came to terms with writers with whom he felt a particular kinship, Pepys, Burns, Whitman, and he gives us, too, Stevenson's attempt to unsmear a male chauvinist reputation in John Knox and his Relations to Women. In A Humble Remonstrance (1884) we can observe Stevenson joining in a public argument on the nature of fiction between Henry James and Walter Besant and making some useful distinctions about the novel of adventure. He has the same urbanity in abstract discussion as he does in the more Lamb-like musings on dogs, dreams, walking tours, or falling in love. The one but last item shows yet another side to his character, his capacity for anger. It is called Father Damien: An Open Letter to the Reverend Dr Hyde of Honolulu. The Father was a Catholic priest of Belgian origin who had worked among lepers (as they were then known) in Honolulu for 16 years, finally dying of the disease himself. Stevenson had visited the Father in the colony and had been incensed to read a vicious obituary of him in an Australian paper written by a Presbyterian minister with, strangely, the same name as his own fictional villain. Stevenson's reply to the attack was a model of controlled indignation.

In his capacity for absorbing the exotic, Stevenson exhibited a way of life and working followed by many later novelists, not least Graham Greene who is a distant cousin of his. In a book published last year, *Dead Man's Chest* Nicholas Rankin had the excellent notion of undertaking a series of journeys in the steps of Stevenson, visiting all the places where he had lived or stayed, unearthing any remaining traces of him still extant, and describing these regions as they are now. He visited, for instance, the museum at Father Damien's birthplace near Leuven and his grave in Kalawao. He went also along the Stevenson-Greene trail and discovered fresh evidence of the link between them.

Robert Louis Stevenson: fiery energy

James Buxton on the world of banking and insurance north of the border

Canny and cautious

THE SCOTTISH FINANCIAL SECTOR
by Paul Draper, Iain Smith, William Stewart and Neil Hood. Edinburgh University Press. £45.00, 347 pages.

IT WAS a Scotsman – William Paterson – who founded the Bank of England, and Scots invented the overdraft and pioneered the investment trust. Today in Edinburgh, and to a lesser extent Glasgow, the successors of these men run what is arguably the only genuine financial centre in Britain apart from *London*.

Scotland has its own banks, which this book says may sometimes lend with an eye to the greater long-term good of the Scottish economy than to short-term gain; it has an impressive life assurance sector, with names like Scottish Amicable and General Accident; and several independent investment managers. The Scots are proud of their past, their integrity and the detachment from the hurly-burly of the markets that their drawing rooms on Charlotte Square afford them.

But is it enough? Can Scotland survive as a financial centre in a world in which the pull of London becomes ever stronger, the Scottish economic base does not *become conspicuously more robust* and even London is facing more and more international competition? The authors of this academic study, which goes into fine detail and economic analysis, are far from reassuring.

Scotland has its weaknesses as a financial centre. Unlike, for example, Zurich or Frankfurt, Scotland is, as they put it, "weak in the provision of markets for the trading of financial instruments." In other words, it has no markets at all apart from a branch of the Stock Exchange in Glasgow. Scotland has little involvement in the trading of futures, unlisted securities or options. Yet once there was even a stock exchange in Greenock.

Furthermore, although the Scottish banks may actually be more innovative than those in the south – the Bank of Scotland, for example, was the first British bank to introduce an electronic home banking system – they are not big enough to provide large companies with services of the same scale and comprehensiveness as their counterparts in the south or overseas.

The life assurance companies and fund managers are doing well now, and should profit from the revolution in pensions, but it should not be forgotten that they were very slow to go into unit trusts and unit-linked insurance. They are rarely as aggressive as some of their counterparts in the south. The many investment *trusts run from Scotland may* have a good investment record but the marketing of them is poor, hampered not only by regulations restricting advertising but also, the authors imply, complacency.

In fact, in a thoughtful chapter on innovation the authors, all at Strathclyde University, say that Scotland's recent record of devising new financial instruments has been patchy, and has been made more difficult by the drift of manpower to the south. While, they say, there may now be signs of resurgence, "these are as yet too few to be interpreted with anything but very guarded caution."

The Scottish financial community woke up to the need to co-ordinate and promote itself better when it felt threatened in the run-up to Big Bang in 1986. Virtually all its members came together to create an organisation called Scottish Financial Enterprise which has already made an impact in making Scotland better known as a provider of financial services. But it could probably do more.

The Scots now congratulate themselves on their wisdom in staying aloof from the mergers and malpractices by some of the institutions of the City of London that accompanied Big Bang. But the message of this book is that being careful is not enough: the Scots need somehow to leaven their caution with a bit more *flair*. Perhaps an influx of refugee victims of the shakeout in the City is required.

Fiction

Such deadly innocence

THE FIFTH CHILD
by Doris Lessing. Jonathan Cape. £9.95, 133 pages
S
by John Updike. André Deutsch. £10.95, 244 pages
The Shadow Bride
by Roy Heath. Collins. £11.50, 437 pages
Summer's Lease
by John Mortimer. Viking. £11.95. 288

THE SMALL boy on the jacket of Doris Lessing's novel is far too attractive. The point about Ben, fifth child in an otherwise perfect family, is that he is never childlike; never has that unique sweetness, lovableness, vulnerability. Even in the womb he plunges and kicks, like the monster he is to become.

Having given their lives to achieving domestic happiness in a huge Victorian house, all tenderness and hospitality, where visiting families warm their hands at the glow of it, Harriet and David can do nothing with or for their terrifyingly strong, ice-eyed, unresponsive son, who kills the family dog and cat, chases birds, tries to kill his brother. Everything falls apart, children and visitors desert, the house is finally filled with Ben's hoodlum friends. Where is the happiness that seemed so easily found in simple, accessible forms? – in loved children, the garden, cooking, 30 at meals round the great table.

Realistically, it doesn't always work. As a tiny boy, Ben is "adopted" by a motor-biking gang and roars about the countryside with the roughly-kind boys. But no crash-helmet would fit a child that size and a four-year-old riding pillion – especially bare-headed – would be spotted in no time. And vast house parties at Christmas, Easter and throughout the summer, how does David's slim salary stretch to them, even if, as we are told, guests "help"?

Psychologically, it puzzles, too: is Ben (chilling, horrible, yet never certifiably mad) irredeemably evil, or medically abnormal – austistic, hyperactive, low *IQ*? Or even just a misfit in that peculiarly perfect household, fate's revenge, as David suggests? In spite of unanswered (perhaps unanswerable) questions, it is still immensely readable and alarming, a sort of explosive ghost story in everyday, realistic dress.

People once complained that *nothing ever happened to John* Updike's characters except adultery; and with almost identical others, couples in the same place and social milieu, swapping partners at barbecues, picnics, school events. Not any longer. *S* is teeming with action, most of it bizarre; sums of money are mislaid, an American college girl marries a Dutchman. By Updike's standards, all this is odd enough; but noisier oddities, misappropriations, violence, fraud, disenchantments, buggings and blackmails are sprung on us with panache about every ten pages. The tale is told entirely in letters and a few tapes, from a single writer or speaker, S. or Sarah.

This is Updike at his wittiest, though he is never less than witty; and, although the narrative suffers inevitably from overwriting and self-conscious detail, since it has to fill in the background for us, while supposedly being aimed at those who already know it (husband, mother, daughter, etc), it none the less brings it off very neatly. While it all happens to Sarah, at the same time it happens through Sarah's pretentions and prejudices and reflects, in the telling, what happens or she would like to happen to the others (daughter and Dutchman, for instance).

In Roy Heath's novel Batta's mother comes as a bride from India to the large Indian colony in Guyana early in the century, ; and Batta, newly qualified as a doctor, returns there from Dublin in the 1930s to practice. On the personal level, the plot of *The Shadow Bride* deals with his mother's hatred of Batta's wife, Batta's goodness, the wife's docility, and final violence. On the wider level, the racial and even caste tensions in an Indian community which has kept all its rituals, religions, social habits and family ways in a very different landscape, a South American *mixture of Asian, African and* European.

This is a long, absorbing novel, satisfying and subtle, balancing the inner and the outer world of a culture both remote to us and familiar. Even in his use of a sort of pidgin English, spoken by the lower-class characters – notoriously hard to use – Roy Heath is skilful, likeable.

John Mortimer, by comparison, is light-hearted, easy, amusing; *Summer's Lease*, an old-fashioned mystery story in form, with large Molly Pargeter, mother of three, a rather unlikely detective in a villa rented for three weeks near Siena, is full of gloriously recognisable descriptions, especially of the young and the ancient. *Observation of the English* professional classes today, which Mortimer excels in, is at his usual high level. The rackety, the boring, the social-climbers, the footloose young, the terrible old journalist, the ex-pats. Much recommended for holiday reading.

Isabel Quigly

Doris Lessing: creating a monster

Crystal ball-gazing

INTO THE UPWAVE
by Robert Beckman. Milestone Publications. £16.95, 616 pages.

THOSE WHO cannot learn from history, said George Santayana, are condemned to repeat it. The modification of the idea to apply to Bob Beckman could be, perhaps, that those whose predic*tions of the future fail to come* true are condemned to repeat them. Eventually they might come right.

Despite the new title, this volume carries on essentially the same doom-laden analysis which the author launched five years ago in *The Downwave*. That made forecasts with what the publisher's blurb claims was "uncanny accuracy" about gold, currencies, lifestyle and fashion. Unfortunately the more important forecasts about the stock market and the property market have so far proved pretty disastrously wrong.

Take house prices, which Beckman said would fall by up to 80 per cent in 10 to 15 years. In fact in the first 5 of those years they have risen in the UK as a whole by 70 per cent (and by 130 per cent in London).

In the case of the equity market the author ought to have been able to make plenty of mileage out of last October's crash. But as far as I can see *it is* not even mentioned in this book until page 146. The crash might provide some justification for the *Downwave* forecast of a UK equity market crash as severe as that of Wall Street in 1929. However, to have stayed out of equities since 1953 - since when UK equity prices have roughly doubled, even post-crash - would *have been a very expensive mistake*.

Pundits like Bob Beckman deal in certainties. Unfortunately there is nothing at all certain about the theory of long cycles in the world economy, which is the basis of the book. Even Kondratieff never claimed that long cycles were consistent in duration to within 25 per. cent, and *their amplitude is also highly* variable.

So although long cycles are interesting for analytical purposes, they can be disastrous as a basis for forecasting. You can easily spend 10 or 15 years waiting for an overdue turning-point, which can be an awful long time to be out of a bull market in equities or housing. This *could have been extremely* embarrassing for some of Bob Beckman's more credulous disciples, although the author himself apparently has done well enough to afford a London triple penthouse, and to drive around Monte Carlo in between times in a white *Lamborghini*.

Meanwhile, he just goes on forecasting collapse - "there is a 90 per cent chance that we shall see an action replay of the 1930s depression" - and no doubt eventually there will be a economic setback which he can hail as his own. Then we will be able to move on into the Upwave, with a "cornucopia of opportunities and difficulties".

As a 150-page volume the book might be a reasonably amusing piece of nonsense. But it is padded out to a grotesque 600 pages, apparently on the view that the longer it is and the greater the sweep of history it covers the more authoritative it will seem. What does King Hummurabi of the Amorites have to do with the argument? Not a lot, but he is there nevertheless.

Later in the book Beckman simply starts to rant. Margaret Thatcher is "one of the most socialistically motivated leaders in British history" and proper economic analysis by the media is suppressed by "Whitehall's standing army of powerful, ignorant and morally corrupt economic puppets". No Sunday newspaper offered to serialise *The Downwave* because he had endangered the image of the First Lady of the Falklands. But perhaps there was another reason.

Barry Riley

Oh dear, oh Henry

THE SOAP LETTERS
by Henry Root. Michael O'Mara Books. £10.95.

DEAR HENRY ROOT,

Remember that book we published seven years ago? You wrote a lot of strange (and rude) letters to famous people, printed their replies and made us all lots of money.

I've got an original idea. Why don't you do it again?

We might have to use a slightly different angle this time. You could invent a ludicrous soap opera based on the "moral decline" of Britain during the past 20 years and invite all sorts of well-known names to take part. That way you can push forward the boundaries of satire by attacking people who have never been attacked before like, er, Cecil Parkinson and Jeffrey Archer.

Some intelligent people, like Sir Ralph Halpern, will spot the joke. Some even more intelligent people, like Lord Hanson, will not bother to reply at all. But if we don't get many replies, we can pad out the book with bits of the imaginary soap opera script. It doesn't have to be very amusing, or very well written, because we can pretend that's all part of the joke.

Then, and this is really funny, you can write to lots of people whose jobs will require them to reply. Government departments, the Equal Opportunities Commission, theatrical agents who want to get their clients into a television series, people like that. We can print their serious answers and then have a jolly good sneer at them for not getting the joke.

Stick a bit of stuff about your "black wit and deviousness" in the publicity, give it a title like *The Soap Letters* to draw in unsuspecting East Enders viewers, price it at £9.95 and the punters will love it. With luck, the paperback will be out in time for Christmas, together with our other titles like *101 Uses for an Old Joke*.

What do you think? The usual 10 per cent for yourself, of course.

Yours profitably,

Megabucks and Hype, Publishers

Philip Coggan

A high-flying hippy

RICHARD BRANSON: THE INSIDE STORY
by Mick Brown. Michael Joseph. £12.95,278 pages

RICHARD BRANSON owes me £20. I don't suppose that I am the *only creditor of one of the* 10 richest men in the country, with a personal fortune nudging £200m, nor do I expect payment. He has cancelled the debt, which dates back 20 years to the time of his first business venture, Student magazine, by leading a picaresque life which has also been socially useful.

Mick Brown's biography is both critical and authorised, which means that you end up by admiring Branson while feeling *rather sorry for him*. He is the hyperactive child, the one who always ends up falling in the swimming pool and throwing bread rolls in restaurants, but who, through his drive and inhibition, actually gets things done. It helped to have a pushy mother; a titled grandfather; a snobbish *bank (Coutts); loyal friends* and supreme confidence. As a fifth-former he was advising his headmaster at Stowe on how the tone of the place could be improved. Two years later,in 1967, he was the cock of a Connaught Square commune, which attempted to cash in on the blossoming youth culture

Since then the progress has been remorseless, although with some spectacular setbacks – a whopping fine for purchase tax evasion, business failures such as Event magazine; a nasty divorce and at least two brushes with a watery death. Branson has turned out to be the child of the 1960s with the acquisitive philosophy of the 1980s. Students are obsessed with music: hence Virgin record stores. From there it was a natural progression to running a record company. Branson's fortune is actually based on the acumen of his associate Simon Draper, who recognised the potential in musician Mike Oldfield. His recording of "Tubular Bells" produced the first million pounds. Branson's own musical tastes have never developed much beyond Cliff Richard's "Bachelor Boy."

The Virgin Atlantic airline came through a chance approach from Randolph Fields, who had the idea but little money. Branson envisaged his record-clutching customers as keen travellers if the price was right, so, against the advice of his associates, he found the cash. All along he has provided the momentum while others have taken care of the detail.

Now Branson is only *the director of* a successfully launched public company. Hence the time to indulge in ballooning and power-boat racing and the campaign to halt Aids. At 37 his career has somehow stopped. But he has his memories and what odd ones they are. He has helped to change the law – the Venereal Diseases Act; he has entertained the country with the two most bizarre musical acts of recent decades, The Sex Pistols and Boy George, he has been an imaginative entrepreneur while never shaking off his hippie roots, the innate feeling that life, unlike money, is not to be taken too seriously. With his cheap records, his cheap flights, and cheap jokes, Branson has more than repaid my £20.

Antony Thorncroft

A monumental tale

CAESARS OF THE WILDERNESS: COMPANY OF ADVENTURERS VOL.II
by Peter C. Newman. Viking. £14.95, 450 pages

THE HUDSON'S Bay Company ranks only after the East India Company in historic significance and lasting impact on the outside world. Like its senior, this company has accumulated a wealth of archives from which its history may be written. Here is the second volume of Newman's monumental but lively story of it all, so much of which has gone into the making of Western Canada. If it had not been for the company the probability is that it would have become part of the US.

The first part of the story is that of the attempt of the individualistic Nor-Westers, based on Montreal, to break into the company's monopoly of the fur trade, based on the Bay. Much of it is a hair-raising tale of clashes,fights, murders – like any old Western film – amounting almost to guerrilla warfare in the wild. That period ended in a sensible merger, by which Hudson's Bay really took over its challenging junior.

Alongside this is the astonishing achievement, intrinsically more exciting, of exploration. We have reminders of this saga today in the names of great rivers, like the Mackenzie and the Fraser, so well brought to mind and eye by the foremost Canadian novelist, Hugh Maclennan, in his splendid book on them. It all amounts to an epic of intrepid Scots, particularly Highlanders. In 1789 Mackenzie traced the whole course of that river, one of the longest in the world, to its outlet in the Arctic. He was the first white to traverse the upper continent – 13 years before the far more publicised Lewis and Clark expedition, crossed by a more southerly route.

Four years later Mackenzie tracked the vertiginous course of the Frazer to its outlet in the Pacific. This forceful, refractory river with its cataracts and gorges through the Rockies, got its name from Simon Fraser, who dominated this Wild West for the next *four decades. Another Scot*, the Earl of Selkirk, set the pattern of settlement with his Red River colony, into which he put the whole of his fortune.

A third figure of importance was David Thompson, a Welshman, who emerges as the finest geographer and surveyor, who mapped a great deal of the vast area, and left 39 volumes of journals, published only in our own time.

Eventually settlement took the place of the fur trade, which had dominated the previous two centuries – marked by the end of the company's monopoly of the vast interior in 1870. Canada has reason to be proud of the long co-operation with the Indians – such a contrast with south of the border.

The author concludes that the western provinces of Canada are the children of the Bay, as Ontario and Quebec are of the St Lawrence. Meanwhile the historic company adapted itself to new conditions, went in for successful diversification and turned its attention to a third empire, in the still vaster north. This will form the subject of a third volume. For a reader huddled in minute Cornwall, the scale of it all staggers the imagination. So does the price – only £14.95 for a volume the size of a family bible, numerous illustrations, maps and all.

A.L.Rowse

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Scottish renaissance

Much of Scotland's artistic vigour stems from its second city, Glasgow. On the eve of Mayfest, Michael Coveney reports

WHEN ONE talks about the arts in Great Britain being under the hammer, or feeling the pinch, one does not talk of the arts in Scotland. Over the past few years, a growing mood of enthusiasm and adventure has resulted in substantial increases in funding, notably from the Regional and District Councils.

Tomorrow sees the opening of the Glasgow Mayfest which, in six years, has grown to be the second largest festival in the United Kingdom. While the largest, the Edinburgh Festival, struggles to match its international prowess with the demands of near-sighted local politicians — the Labour Party is expected to retain power on the City Council after next week's elections — Mayfest has become symbolic of Glasgow's cultural ascendancy. The mood is reflected in advance ticket sales, which this week already stood in excess of £100,000. The total box office take for last year's Mayfest was £75,000.

Much of Scotland's creative and artistic vigour stems from the second city. The district and regional councils have "got culture" in a big way and the place exudes, as one of the brightest young Scottish critics, Joyce MacMillan, has remarked, "a strange exuberant life after industrial death."

Glasgow has been designated the European City of Culture for 1990, and the current production of Peter Brook's *Mahabharata* in the Old Transport Museum marks the start of a three-year festival programme heavily underwritten by Strathclyde Regional Council.

The Glasgow Citizens, for 15 years the most adventurous and interesting regional theatre in Britain, has just been given a grant increase by Strathclyde of 106 per cent, a 75 per cent increase by Glasgow District Council, and a nine per cent increase by the Scottish Arts Council. As a result, the Citizens will for the first time have a summer season of in-house productions, starting with Philip Prowse's revival of Wilde's *Lady Windermere's Fan* as part of Mayfest next week.

With the collapse of so much industry, civic pride is renewed in sports ventures and the arts. The Scottish Development Agency is providing the Citizens with £0.5m to rebuild and refurbish the front-of-house this autumn, and no-one believes that there is any way back from this expanding investment binge in 1991, once the international circus has left town.

In a sense, the circus is already here. Mayfest, this year under the direction of William Burdett-Coutts, the designer-jeaned Diaghilev of the Assembly Rooms at Edinburgh Festival time, welcomes next month a myriad number of international companies and artists, notably the Flying Fruit Fly Circus of Australia, the Muteki-Sha Dance Company of Japan and the Maly Theatre of Leningrad.

Although Mayfest costs a third of the Edinburgh Festival's £1.5m — it receives £290,000 in grants and raises £180,000 in sponsorship — it is far more healthily integrated into the city's life than is the Edinburgh shindig. Edinburgh Festival director Frank Dunlop spends half his time arguing with councillors and trying to maintain local interest. As his publicity consultant Clive Sandground ruefully remarks, "Glasgow goes to concerts and theatre all year round. Folk in Edinburgh have, well, a rather different attitude. It's a shame, but it's a fact of life."

The new painters have emerged in Glasgow, the Scottish Opera is based there and, as the new SAC drama director, Anna Stapleton, has found, "people have a will and an energy to survive here, much as they do in Liverpool." Glasgow Celtic Football Club has celebrated its centenary this year by winning the Premier League title, by contesting (on May 14) the Scottish Cup Final with Dundee United — and by commissioning a play about the club which they have sponsored to the tune of £175,000.

The Celtic Story opens in Mayfest next week on the stage of Glasgow's last independently owned theatre, the atmospheric temple of vanished vaudeville, the Pavilion. It is presented by Wildcat, a left-wing touring company which, in David McNiven, boats one of the most gifted song writers in Britain today, and which has taken the popular theatre initiative from John McGrath's 7: 84 Company. 7: 84 faces the SAC axe in 1989 but will mount a strong appeal against the decision with support from Norman Buchan MP, and the Scottish Trades Union Council.

The TUC is much closer to the arts world North of the border than it is down South. Another Wildcat Show, *The Steamie*, was given last year a £10,000 sponsorship by the white-collar union NALGO. Groups like 7: 84, Wildcat, Borderline, Theatre About Glasgow (based at the Citizens) and Communicado tap into schools, working class halls and remote country venues with much more success and feedback than do their English counterparts.

On the whole, the arts in Scotland are not infested by too much snobbery. Self-consciously prestigious projects are invariably doomed. The Scottish Theatre Company, for instance, launched and re-launched in the early 1980s with a view to propagating the glories of rightly forgotten Scottish historical drama, went into liquidation before folding completely. The general view of a National Theatre is expressed by Anna Stapleton: "All Scotland's theatre companies are Scotland's national theatre."

The SAC has £15m to spend on the arts, of which approximately £5.8m goes to music and opera, £2.8m to drama and £1.6m to dance (outside of the Scottish National Ballet, dance drags its feet behind England, although eight Scottish dancers were recruited by London Contemporary Dance last year).

Mayfest guests: the Maly Theatre of Leningrad with "Stars in the Morning Sky"

Chief drama clients of the SAC are the Glasgow Citizens, the Edinburgh Lyceum, receiving roughly the same, and the Edinburgh Festival, receiving about £0.5m. At the other end of the spectrum, Communicado produced three successful projects last year for £30,000. Their SAC grant has been more than doubled and great things are generally expected from Gerry Mulgrew, a young director who melds dance and drama in reportedly exciting and popular stews.

The Edinburgh Traverse is 25 years old this year, and its energetic director Jenny Killick is off for what one unfriendly rival called "a colour magazine career" in the bright lights elsewhere. She has, however, restored the Traverse as a going concern. A deficit has been wiped out and a productive new Scottish plays policy inaugurated.

The Traverse, till now a club theatre, has also gone public and actively courts sponsorship. The Edinburgh District Council is therefore increasingly supportive, as it is of the Lyceum which is slowly rebuilding its audience towards the 70 per cent mark after a rocky opening period under Ian Wooldridge.

This year's Edinburgh Festival's sponsorship drive towards £0.5m was faltering until The Scotsman newspaper stepped in and raised in excess of £80,000. An Italian opera company was lost, but Edinburgh will now see the Huston production of John Adams's *Nixon in China*, directed by Peter Sellars and warmly reviewed on this page by Andrew Porter. The sensational Ninagawa of Tokyo will return with *The Tempest*, and another World Theatre Season is planned.

No-one wants to lose the Edinburgh Festival, but its local Scottish image is pale besides Mayfest, and indeed other regional success stories such as Joan Knight's customer-friendly Perth, once a crumbling Victorian rep and now one of the best-equipped theatres in the country; Dundee Rep under Alan Lyddiard, who has inaugurated huge community projects and revived all of John Byrne's work; and even staid old Pitlochry which Clive Perry is turning around after a previous unhappy regime.

The long view must be taken, though, and there is no reason, apart from local indifference, why the Scottish renaissance should not be reflected in Frank Dunlop's ambitious but faintly old-hat internationalist programming policy. One feels he must make this a priority in future Festivals, otherwise he will find himself stranded and finally engulfed by the rolling tide of native endeavour. As I prepare to strike North for a few days of Mayfest, I already feel spattered in the vital, glistening spume of it all.

Paul Driver reports on new music north of the border

Setting the trend

THE ZEITGEIST is almost visible in Scotland these days, trilling with a high electrical charge. It is difficult to know exactly why, at a given moment, the main current of the arts should flow through a particular "provincial" place, but now that place is unmistakeably Glasgow. (In the late fifties, for instance, it was Bristol.)

Glasgow is outstripping London on many counts. Hosting Peter Brook's Mahabharata when London failed to has been its biggest coup so far. But when, I wonder, will a London arts body be willing and able to emulate Strathclyde Regional Council's recent initiative in commissioning from a major composer — Sir Peter Maxwell Davies — not one work, but, in brazenly baroque fashion, a whole series of ten?

This is a remarkable enough move, but by no means the first evidence of an enlightened attitude to the promotion of modern music in Scotland. A critic of modern music will frequently have found himself in parts of Scotland over the last decade. The Scottish National and BBC Scottish Symphony orchestras have commissioned and performed a large quota of new works, and have been collaborating in what was Britain's first festival of contemporary music, the variously biennial or triennial "Musica Nova" week based at the University of Glasgow. Any number of internationally eminent composers have attended the festival; countless challenging pieces have been presented.

The Scottish National Orchestra has for some time been running its own composers' competition — the Ian Whyte Award. And another Ian has recently been an important name in Scottish new musical life: Ian Barr, who, as Chairman of the Scottish Post Office, put funds available for artistic commissioning and sponsorship to extremely intelligent use. The weekend of contemporary music chosen by Esa-Pekka Salonen in last year's Edinburgh Festival was backed by Barr and the Post Office, and Maxwell Davies and the St Magnus Festival in Orkney have received extensive support. Alas, Ian Barr has just resigned his post.

The Orkney Festival has made a point in the ten years of its existence of bringing new, specially written pieces by young composers to attention, while it has been the sort of showcase for Maxwell Davies's own work that the Aldeburgh Festival used to be for Benjamin Britten's. Indeed, Maxwell Davies — not himself a Scot, of course, though resident on the Orkney island of Hoy — has served Scotland generally with quite as much loyal devotion as Britten once served the Fenlands.

Sir Peter is now Associate Conductor/Composer of the Scottish Chamber Orchestra — a remarkably lively and enterprising body of players. It is by way of consecrating his relationship with the orchestra, as well as by way of a major educational project, that Strathclyde has commissioned what will be known as Davies's "Strathclyde Concertos." The specification is a concerto for each of the principal players of the orchestra, the composing to be spread over a period of years. Already the first two works, for oboe and cello respectively, have been completed; and the first performances of the Oboe Concerto, with soloist Robin Miller and conductor Sir Peter, are being given at the moment. The premiere was last night at the City Hall, Glasgow. This evening, the work can be heard at the Queen's Hall, Edinburgh (7-45pm); and tomorrow at the Eden Court Theatre (7-45pm) in Inverness. The Glasgow performance was prefaced by lectures and workshops; and under the direction of Scottish composer William Sweeney, creative sessions based on a performance (by Robin Miller himself) of an oboe/piano arrangement of the concerto were held in local schools.

The concerto is a three-movement construction recognisably in the mould of Davies's post-1980 symphonic music, much of which has been written for the Scottish Chamber Orchestra. Gone are the rhythmic notational complexities and smouldering intensities of the works that made Maxwell Davies famous in the 60s and 70s. These days, he is pledged to the orchestra (here, one of 18th century size) as opposed to the small ensemble, and to a sober, conscientious classicism instead of an expressionistic fury.

With this change of direction he has become more and more prolific, and been much criticized both for the direction and the prolixity. It is perhaps too soon, however, to estimate the full aesthetic import of what he has been doing, while it is certainly the case that his basic compositional principles — his "deep structures" — have not changed.

So it is that he can once again announce a new work saying that it all "stems from a plainsong" (Dum complerentur Dies Pentecostes). He emphasises that it is not a "confrontational" concerto but rather a dialogue, Mozart-like, of equals. It is manifestly a virtuosic work, but it must also be practically the only oboe concerto of recent decades not to call for special effects ("multiphonics") from the soloist. Rather, it explores "the instrument's capacity for extremely long, expressive phrasing." What better omen for the "Strathclyde Concertos"?

The Scottish National Opera has a new team. Rodney Milnes reports

A company with clout again

THE FOUNDATION (1962) and development of Scottish Opera was one of the great postwar success stories in the arts, culminating in the company moving in 1975 into Matcham's Theatre Royal, Glasgow, just about the the most handsome and practical opera house in the UK.

Soon after there were hiccups. The original management team of Sir Alexander Gibson (artistic director) and Peter Hemmings (administrator) broke up when the latter moved to Australia and other points north and west; money problems not entirely unconnected with the expense of running the theatre proliferated; some controversial managerial appointments brought unpleasing personality clashes; Sir Alexander retired; touring dates were cancelled; and this series of misfortunes threatened the very existence of the company, much to the distress of those who had admired its pioneering work.

There is now an encouraging upturn in Scottish Opera's fortunes. They have in John Mauceri a music director with a clout to match Sir Alexander's. Two prestigious and successful productions in recent seasons — Graham Vick's *Billy Budd* and the *Madama Butterfly* that marked the operatic debut of Nuria Espert — served notice that under the new managing director Richard Mantle the company was one to watch.

And there is nothing like recognition from on high to raise the spirits. The increase in funding from the Scottish Arts Council of four per cent for the 1988-9 financial year is above average ("We have been dealt with in not the worst manner," said Mr Mantle at a recent press conference with nicely British understatement). Part of the increase is earmarked for the restoration of touring to Inverness, Dundee and Stirling, an undoubted boost to the company's morale, as is the Royal Opera's borrowing their *Butterfly* production for the next season at Covent Garden. Furthermore, the ACGB has promised money for an extra week's touring in England, a visit to Bradford bringing the total exposure south of the border to six weeks. All of which constitutes an encouraging vote of confidence.

The current season draws to an end with new productions of *La Bohème* (Elijah Moshinsky) and Bernstein's *Candide* (Jonathan Miller and John Wells), and the 1988-9 season just announced suggests that in matters of both repertory and casting recent developments have been no flash in the pan. Miss Espert is returning to stage a new *Traviata*, one of those operas crying out to be directed by a woman at least once in a lifetime; Richard Jones, only begetter of the much admired *Così fan tutte*, is to stage a new *Rheingold*, though the management is cannily refusing to commit itself to a whole *Ring* (it will nevertheless surely come).

Simon Callow will make his UK debut as an opera director with *Fledermaus*; the superb *Midsummer Marriage* (Tim Albery) originating from Opera North will be taken into the repertory; *Oedipus Rex* will be staged in a bill with Scottish Ballet's *Petrushka*; Göran Järvefelt's much-travelled *Don Giovanni* will be performed with Jonathan Summers and François Le Roux sharing the title role.

Perhaps most exciting of all is the first staging by one of our companies of *Street Scene*, a work that on its too-rare appearances here has inspired boundless admiration amongst those who persist in regarding Weill as one of the key figures in 20th-century opera. It will be staged in a co-production with ENO by David Pountney, and conducted by Mr Mauceri — as will *Traviata*, *Rheingold* and *Giovanni* (no absentee MD he). Not that everything is rosy: like all opera companies, the Scots are being forced to raise seat prices, but in line with the rest they are seeking to minimise damage to potential audiences while maximising income by increasing the highest range and holding, indeed in some cases decreasing, those in cheaper parts of the house. But every cloud has a silver lining: shortage of money means that the company cannot afford the equipment needed for surtitles, which, said Mr Mantle with endearing and characteristic candour, came as a great relief to him personally. Scottish Opera is plainly in safe hands.

Born under a dark star

Rodney Milnes visits Opera North's new, but troubled production of "Fidelio"

Janice Cairns: a noble Leonore

OPERA NORTH'S new *Fidelio* was born under a dark star: the original production team (Vick/Lazaridis) withdrew in the face of budgetary restrictions. Whereupon the star plummeted ignominiously to earth — the substitute effort by Michael McCarthy (producer) and Peter Mumford (designer) is of epic and contemptible silliness, a blot on this company's fair name.

No need to describe its idiocies; one can only hope that something might be salvaged by other hands within Mr Mumford's handsome if impractical first-act decor (to avoid further strains on the company's finances), while noting sadly that this was the first time one has heard booing at an ON first night (had I paid for my ticket, I would have led it).

No, better to catalogue the considerable vocal and musical virtues so nearly obliterated by the visual side. In the pit, David Lloyd-Jones led a fast, intense performance — school of Fricsay, say, rather than Klemperer — characterized by fiercely dramatic accents and impulsive forward motion, which is surely how *Fidelio* should go. The orchestra responded enthusiastically (faultless horns, expressive woodwind) and the chorus sang, as always, brilliantly.

Janice Cairns was singing Leonore for the first time. Her soprano may not be conventionally "beautiful," but it is highly individual, pliant, excitingly athletic. The manifold technical difficulties of the role held few terrors for her: her sense of musical line saw her safely through the finale and "Komm Hoffnung," her fearlessness through the dungeon duet (every note clearly voiced, nothing skimped) and the final section of "Abscheulicher!", where with her proud stance — she has a perfect Leonore profile — and eyes blazing with affirmation she ensured that what was happening on stage at least momentarily approached Beethoven's vision. A noble, inspiring performance.

Jeffrey Lawton's Florestan is naturally on a pre-Siegfried rather than a post-Tamino scale: his cry of "Gott" pins you to the back of your seat, but any Heldentenor must have corresponding difficulties with the end of the aria. All other things being equal, this was excitingly intense singing.

Jane Leslie Mackenzie's vocally confident Marzelline gave pleasure, but Adrian Martin's Jacquino, Mark Munkittrick's Rocco (UK debut, nicely inky bass tone) and Donald Maxwell's cleanly voiced Pizarro were to varying degrees defeated by the production. Poor David Gwynne's Fernando sank without trace. What a waste.

A plea: might the theatre staff consider handing out plain covers with the programmes? One scarcely likes to be seen walking round with the current effort.

CHESS No 720

1 Q-QR2, and mate next move.

Michael Coveney reviews Robert Holman's new play for the RSC

Egged on by Siberian cranes

"I AM the director of the Oka nature reserve" may not rank among the most gripping of self-introductions, but it signals an important intervention in Robert Holman's new play for the Royal Shakespeare Company, which opened in The Other Place at Stratford-upon-Avon on Thursday night.

Across Oka is a small-scale ecological tragedy involving a Middlesborough family and the plight of the white Siberian crane. In his youth, old Jolyon (Alfred Burke) befriended a Russian ornithologist. His plans of travelling to the Soviet Union have never been realised, though he corresponded with the above-mentioned curator and has stocked his boat with tinned provisions.

When the director (breezily and amusingly played by Richard Haddon Haines) arrives, Jolyon is two weeks dead. But his wife Eileen (Patricia Lawrence) responds to an invitation to the reserve, stricken as she is with post mortem guilt at having ridiculed her husband's travel lust. And grandson Matty (Edward Rawle-Hicks) goes along too.

Sarah Pia Anderson's production pulls several strong strokes. Grandpa's boat is enticingly lowered from the theatre roof and Mr Burke reappears to give Matty ghost-like encouragement. In the interval, the boarded up theatre opens out to the elements (including a suitably chill Siberian wind) and we are surrounded by a painted forest vista of white birches and tangled bracken. This production may be best remembered as the RSC debut of a talented new designer, Ashley Martin-Davis.

Matty and the curator's son Nikolai (Timothy Stark) are charged with transporting two precious fertile eggs (that have been found in Wisconsin) up river to the great crane's nest.

By now the play has degenerated into niggling banter between the boys, who simply do not get on. This is one of Mr Holman's less successful male bonding contests, not helped by one extremely tiresome, monotonously projected performance. But at the climax, and a disaster all too predictable, we realise the play has long evaporated, a cracked plot yielding a very light omelette.

Mr Burke appears in the second half only to bring on the crane's nest. In retrospect, this might have been a moment pregnant with deep significance. Instead, it is merely puzzling. Surely there is a long speech missing from beyond the grave. The halting, slightly precious tone characteristic of a Holman play exposes further the low wattage of the dramatic lighting system.

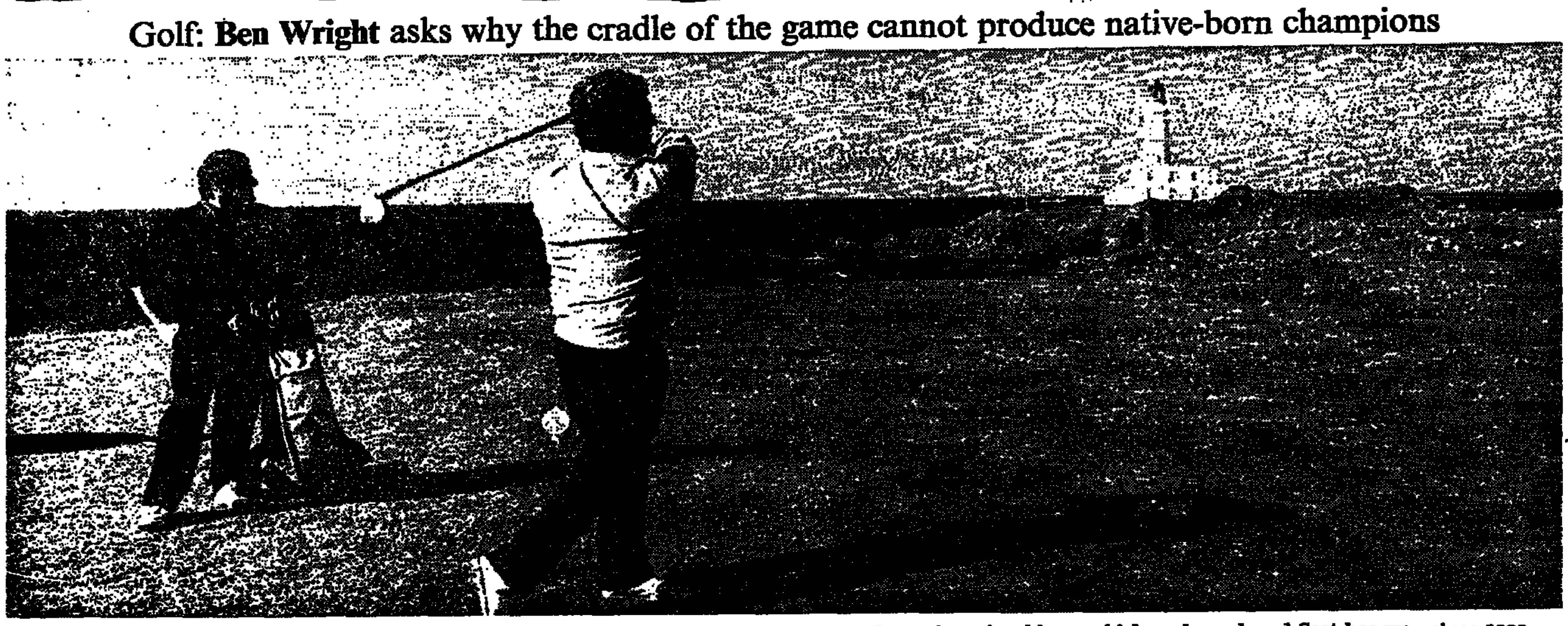
The play is best at documenting sharp topographical detail meshed with reminiscence, as in Jolyon's early speeches and the elliptical, lyrical encounter between Grandma and Nikolai's mother, who turns out to be a creature rarer even than the white Siberian crane — a Marxist from Tunbridge Wells. She misses tea on the lawn and lemonade.

There are good patches of careful, ruminative writing, but nothing really catches fire. The overall effect is of sitting through something rather too light and simultaneously stodgy, as in a disappointing soufflé. The only trouble is that, in this instance, the eggs do not end up on the plate, or even on the face. They simply go "splat" on the floor, which sort of sums up how I felt about things, too.

WEEKEND FT

• SPORT •

Golf: **Ben Wright** asks why the cradle of the game cannot produce native-born champions



A swinger at Turnberry, the famous Scottish seaside course and regular venue for the Open championship – which no home-based Scot has won since 1920

All those courses but no local heroes

THE QUESTION WAS so disarming in its simplicity that it caught me unawares and at a total loss for a coherent answer. A recent American golfing partner, a professional whose paternal grandparents had emigrated from their native Scotland, wanted to know why that golf-rich country, the cradle of the game, had produced so few truly great golfers in the modern era.

I had no answer then and I am little the wiser now. But it is, alas, true that Scottish-born golf heroes have been remarkably thin on the turf in the latter half of this century. It was way back in 1920 that the last British-born and based Scotsman, George Duncan, won the Open championship.

No, I have not forgotten Sandy Lyle's 1985 victory at Royal St George's, Sandwich, nor am I trying to sell him short after his momentous recent US Masters triumph. But Lyle was born in the English town of Shrewsbury and learned his golf in Shropshire from his Scottish-born professional father at a very early age. He does not even sound like a Scot.

Jock Hutchison, an expatriate Scot based at the Glenview Club in Chicago, Illinois, returned to his native land to win the 1921 Open, beating amateur Roger Wethered by nine strokes in a 36-hole play-off at St Andrews. Not only did he speak with a Scottish accent but, from all the photographs I have seen of him, his nationality was never in doubt. (I have a wonderful autographed picture of Hutchison and his cronies, including Walter Hagen, on the ship returning to America with the coveted silver claret jug).

Tommy Armour, known as the "Silver Scot" largely because of his hair colouring, returned from the US to win the 1931 Open at Carnoustie. I was privileged just once to meet Armour, who was holding court – as he then did daily at Winged Foot, New York – shortly before his death. His Scottish brogue was a delight, his stories fascinating, and his ability formidable in putting down rather more than a wee dram of the amber liquid for which his country is famous.

Since Armour, though, there has been nothing – or very little – until the Anglo-Scot Lyle. Why?

There was a major exodus of the best Scottish professionals at the turn of the century and thereafter as sport-mad Americans clamoured to learn a game then new to them. Those emigrants played a crucial part both in educating the new recruits and designing courses on which the fanatical Americans played in ever-increasing numbers.

Obviously, this exodus played its part in denuding Scotland of its foremost playing and instructional talent, as did the havoc wreaked by the world wars. But wars – in the same way as when a professional golfer complains about playing conditions at a championship venue – are equally disastrous for all concerned.

In the period immediately after the Second World War, John Panton and the late Eric Brown – both born in Scotland – emerged as potentially world-class players. But the nearest either came to winning a major event was when Brown got to the 18th hole at Royal Lytham and St Anne's in the 1958 Open needing a par four to win.

Unfortunately, the fiery Brown tangled with the cross-bunkers in the fairway and missed by a stroke the ensuing 36-hole play-off between Australian Peter Thomson and Welsh giant Dai Thomas. Brown also finished third to the late South African Bobby Locke at St Andrews in 1957, but faded into that position on the final day to lose by four strokes.

Panton never came closer than fifth in the Open, a position he occupied twice. On the first occasion in 1956, at the Royal Liverpool Golf Club, he was a full six shots behind Thomson who won the third in a row of his eventual five victories. On the second, in 1959 at Muirfield, Panton was four shots behind South Africa's Gary Player, then the youngest winner.

Since Panton and Brown, Bernard Gallacher has been a fierce and formidable little competitor out of Bathgate while the Anglo-Scottish giant, Brian Barnes, possessed all the physical attributes without more than very occasionally choosing to apply a truly impressive talent.

Barnes – good enough to beat Jack Nicklaus twice in one day over 18 holes of matchplay, as he did in the 1975 Ryder Cup matches at Laurel Valley, Pennyslvania – could have been expected to have done better than a sixth place finish in the 1968 Open at Carnoustie, a distant six shots behind the winner, Player. At 7,252 yards that year, Carnoustie was the longest course ever for an Open and should have been right up the big-hitting Barnes's alley.

In 1972, he finished fifth at Muirfield in the Open that Lee Trevino "stole" from Tony Jacklin; but, again, he was five strokes adrift and never really in contention.

Since then there have been Lyle and another Anglo-Scot, Ken Brown, who learned his golf in Hertfordshire, near London, and won last year's Southern Open in Columbus, Georgia, for his first American tour victory. Brown certainly has the concentration and dogged determination to make the most of his rather spare and fragile frame, but whether he has it in him to win a major title remains to be seen.

Native-born Scotsmen Sam Torrance and Gordon Brand jun. have been significant contributors in Europe's past two Ryder Cup victories but have yet to really make their mark in the US as individuals. Both appear to have the talent to do so; the question concerns their ambition, or lack of it.

Lyle was presented with his first two victories on American soil this year in Phoenix, Arizona, and Greensboro, North Carolina. Then, having apparently thrown away his chance to win the Masters the following week, he showed his steely resolve by coming back to take his first major title. This made him easily the most famous Scottish golfer in half a century, even if he has played little north of the border. But where on earth are the others?

After all, Scotland has more than 400 courses, several ranked high among the best in the world. It has the best golfing facilities, if not the weather, outside Florida. And the game in Scotland is still ridiculously cheap by any standards you care to apply.

Cricket/**James Buxton**

The hard work of being a player

THE START of this year's Scottish national cricket season was an inauspicious affair. The national team played its first Benson and Hedges Cup match against Derbyshire in Glasgow this week. The start of play was held up for nearly two hours by damp conditions and Scotland lost by seven wickets with 10 overs to spare.

Scotland never goes into this competition with particularly high hopes, even though this season the national team has a new captain - Clive Rice, the 38-year-old South African-born batsman who for nine years captained English county Nottinghamshire.

"A first class county should always beat Scotland," admits Robin Prentice, administrator of the Scottish Cricket Union. "Their players are on the field seven days a week. Ours have to go to work every day."

The Benson and Hedges Cup entails Scotland playing an initial four matches against first class English counties, even though only three members of this year's team are professionals. But since 1980, when Scotland began competing, it has won only one B&H game. Most have been lost by dramatic margins.

Apart from the usual friendlies against touring international sides, the biggest event in the Scottish cricketing calendar is the annual three-day match against Ireland (a combined team from both north and south). Honours in this contest over the years have been extraordinarily even: last year, it was a draw.

Much about cricket in Scotland is associated in Scottish minds with the deeply suspect Sassenachs: the game itself was "popularised" in part by the English garrisons after the 1745 rebellion. Many of the best players emerge from the relatively few fee-paying schools, some of which are modelled on the English public schools. The state schools tend to eschew cricket.

But probably the fundamental reason why Scotland has never embraced the sport wholeheartedly is the obvious one: the weather. There are simply too few genuine summer's days in Scotland on which cricket really is fun.

However, while some other Scottish institutions with strong English associations - one thinks immediately of the Conservative Party - have been in decline in recent years, cricket arguably is not. Scotland's participation in the Benson and Hedges Cup and the Natwest Trophy is more than tokenism: it means that the national team is guaranteed a number of top-quality opponents and has targets for which to aim.

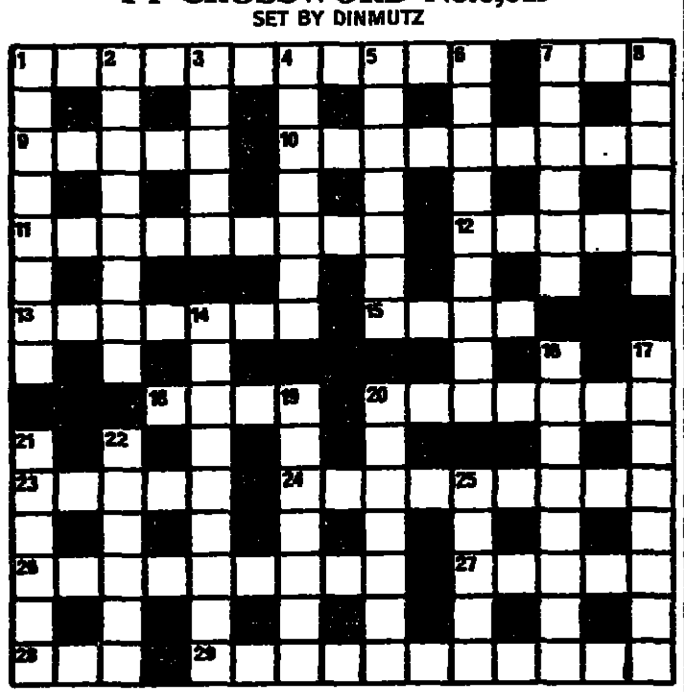
The national team is the none-too-lofty pinnacle erected on the base of Scotland's 300 clubs, ranging from about 100 large establishments down to the village green level. But although coaching is being stepped up, arousing hope for the future, the game probably suffers from there being no single national league offering an elite championship similar to England and its first class counties.

Instead, as one might expect from a country with strong regional differences, there are three leagues: the Western Union, based around Glasgow; the Eastern League, centred on Edinburgh; and the Scottish Counties, which is supposed to cover the east side of the country up to Aberdeenshire but, for arcane reasons, also includes Ayrshire on the west coast.

The Western League has won the inter-district championship consistently over the past five years - a triumph, among other things, over the weather which is persistently wetter in the west. "Certainly, more days of cricket are lost through rain in Scotland than in England," Prentice says with some impatience. "That's because there's more rain to fall."

FT CROSSWORD No.6,619

SET BY DINMUTZ



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday May 11, marked Crossword 6,619 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday May 14.

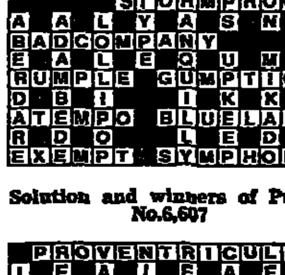
ACROSS

1 His tunes a shock possibly? (11)
7 Doctor's bag (3)
9 Father to confess and make headlines (5)
10 Pardon for soldiers going to embassy (9)
11 Mandatory adaptation of the screen, say (9)
12 Small hooter a fellow let off inside (5)
13 It is wise to play a spinet (7)
15 Char fails to close Irish house (4)
18 Bank has merriment taking old penny (4)
20 Seat in the house? (7)
23 In advantageous position like potter, say (3,2)
24 It is pulled around the wards with energy (4-5)
26 Threatening to go out for builders' materials (9)
27 Balance of bank opening in Italian currency (5)
28 Overturned standard of legal case (3)
29 Nature of complexion make-up (11)

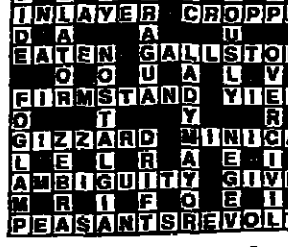
DOWN

1 Secure condition of Peterhead? (8)
2 Instrument for inspecting stirrups, anvils etc. (8)
3 Books of sovereigns (5)
4 Keeping up a rail system to the orient (7)
5 Someday, perhaps, one could win at Cruft's (7)
6 Follower of early Syrian churchman is not near conversion (9)
7 Smother the joint! (6)
8 This Great Dane flopped on the beach (6)
14 Fit of pique intended, say, for Kit (9)
16 Bless me! A strange way to congregate (8)
17 Thrust muscle forward to draw like a draughtsman (8)
19 Platform inside barrier for artistic movement (7)
20 Walking-cane to suspend in small enclosure (7)
21 Reminder for one taking gentle exercise (6)
22 Subdued ram taken to enclosure (4,2)
25 Some change reported in trees of a region (5)

Solution to Puzzle No.6,618



Solution and winners of Puzzle No.6,607



Mr J.D. Banks, Cholsey, Oxon; Dr John Caisley, Siddington, Cheshire; Mrs P.M. Rigg, Keswick, Cumbria; Mr J.E. Shimwell, Church Stretton, Shropshire; Mr L. Wharhirst, Barnet, Herts.

SATURDAY TELEVISION AND RADIO

†Indicates programme in black and white

BBC1

8:25 am Rooberb. 8:30 The Family-Ness. 8:35 The Muppet Babies. 9:00 On the Waterfront. 10:55 Snooker (Embassy World Professional Championship). 12:27 pm Weather. 12:30 Grandstand including 1:00 News; 12:30 Rugby League (Preview of today's Silk Cut Challenge Cup Final between Halifax and Wigan); 12:40 Football Focus; 1:05 Snooker; 1:30 Racing from Haydock Park; 1:35 Snooker; 2:00 Racing from Haydock Park; 2:05 Rugby League; 2:30 Racing from Haydock Park; 2:35 Rugby League; 4:40 Final Score.

5:05 News. 5:15 Regional Programmes. 5:20 Cartoon. 5:25 First Class. 5:50 Help! 6:20 Film: "A Shot in the Dark" starring Peter Sellers. 8:00 Eurovision Song Contest. 11:00 News and Sport. 11:15 Film: "Brass Target" starring George Kennedy, John Cassavetes, Robert Vaughn, Patrick McGoohan, Max von Sydow and Sophia Loren.

BBC2

2:45 pm Network East. 13:25 Film: "The Green Cockatoo" starring John Mills and Robert Newton. 4:30 Snooker (World Professional Championship). 6:10 The Week in the Lords. 6:50 Newsview 7:20 Snooker. 8:00 Dance Masterclass. 8:45 Sophia and Constance. 8:55 Snooker. 11:00-12:30 am Film: "The Fog" starring Jamie Lee Curtis.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Get Fresh. 11:30 Punky Brewster. 12:00 Wrestling. 1:00 pm News from ITN. 1:05 LWT News and Weather followed by Saint & Greavsie. 1:35 International Athletics: Kodak AAA 10km Road Race from Hemel Hempstead. 2:15 Comedy Classic: On the Buses. 2:45 Captain James Cook. 4:45 Results Service. 5:00 News from ITN. 5:05 LWT News and Weather. 5:10 Walt Disney Presents. 5:15 Winner Takes All.

5:45 Saturday Gang. 6:15 The Funny Side. 7:00 Catchphrase. 7:30 The Two of Us. 8:00 Inspector Morse. 10:00 ITN News and Sport. 10:15 LWT Weather. 10:20 After Ten with Tarbuck. 11:05 Drive-in Movie: "Rollover" starring Jane Fonda and Kris Kristofferson followed by ITN News Headlines. 1:00-6:00 am Night Network.

CHANNEL 4

9:30 am Old Country. 10:00 Moneyspinner. 10:30 "The Adventures of Huckleberry Finn" starring Mickey Rooney. 12:10 pm Peppery Salt. 12:30 Empress Wu. 11:00 "Our Town" starring William Holden. 12:45 The Three Stooges. 2:00 Channel 4 Racing from Newmarket. 5:05 Brookside Omnibus. 6:00 Right To Reply. 6:30 The Grand Prix Car 1945-65.

7:00 News Summary followed by Witness of the Long March. 7:30 C.L.R. James talking to Stuart Hall. 8:30 Amen. 9:00 "If..." starring Malcolm McDowell. 11:05 Who Dares Wins... 11:50 After Dark.

S4C WALES

9:30 am Jack Lewis' Year. 10:30 A Gardener's Guide. 11:00 Keddleston Hall. 11:30 Coping. 12:00 Teesra Kinara. 112:30 pm Feature Film: "The Good Earth" starring Paul Muni. 3:00 Racing from Newmarket. 5:00 Sheepman of Ennerdale. 6:00 Right To Reply. 6:30 Gallery.

7:00 The Industrious Bee. 7:30 Newyddion. 7:50 Stumiau. 8:20 Elinor. 9:55 Y Maes Chwarae. 10:10 Cynhadledd '88 TUC Cymru - Llandudno. 10:20 Kate and Allie. 10:50 The Media Show. 11:50 After Dark.

IBA Regions as London except at the following times:

ANGLIA

11:30 am America's Top Ten. 1:05 pm Anglia News. 5:05 Anglia News, Sport and Weather. 11:05 Film: "Lost and Found" starring George Segal and Glenda Jackson.

BORDER

11:30 am America's Top Ten with Casey Kasem. 11:05 pm Film: "Asylum" starring Robert Powell, Barbara Parkins and Peter Cushing.

CENTRAL

11:30 am Terrahawks. 11:05 pm Prisoner: Cell Block H. 12:00 "The Beguiled" starring Clint Eastwood, Geraldine Page and Elizabeth Hartman followed by ITN News Headlines. 1:55 am The Man from U.N.C.L.E. 2:50 The Battle Zone: "Go Tell the Spartans" starring Burt Lancaster. 4:55 The New Squadronaires.

CHANNEL

11:30 am Knight Rider. 2:15 pm Comedy Classic: Please Sir! 11:05 Murder, Mystery, Suspense.

GRAMPIAN

11:30 am The Video Jukebox. 5:15 pm Connections. 11:05 Feature Film: "All Coppers Are..." (Martin Potter, Julia Foster and Ian Hendry star). 12:30 am Reflections.

GRANADA

11:30 am The New Fantastic Four. 11:05 pm Kojak followed by ITN News Headlines. 12:05 am "Eyes of Laura Mars". 2:05 Formula One. 3:05 Movies at War: "Operation Pacific".

HTV

11:30 am America's Top Ten. 11:05 pm "All Coppers Are..." starring Martin Potter, Julia Foster and Nicky Henson. 12:45 am Magnum. 1:45 Sledge Hammer!

SCOTTISH

11:30 am America's Top 10. 11:05 pm Kojak. 12:05 am Film: "Speed Trap" starring Joe Don Baker, Tyne Daley and Richard Jaeckel, followed by ITN News Headlines. 2:05 Formula One. 13:05 Film: "Operation Pacific" starring John Wayne and Patricia Neal.

TSW

11:27 am Gus Honeybun's Magic Birthdays. 11:30 The South West Week. 5:05 pm Newsport. 11:05 Film: "The Girl, The Gold Watch and Dynamite" starring Philip MacHale and Lee Purcell (TV Movie). 12:40 am Postscript.

TVS

11:30 am Knight Rider. 2:15 pm Comedy Classic: Please Sir! 11:05 Murder, Mystery, Suspense.

TYNE TEES

11:30 am Terrahawks. 11:05 pm Extra Time Special. 11:50 The Making of "Empire of the Sun". 12:50 am Poet's Corner - Nerys Hughes reads "Peace", "Sundays" and "They Are All Gone into the World of Light". 1:00 Jobfinder.

YORKSHIRE

11:30 am Terrahawks. 11:05 pm "All Coppers Are..." (Martin Potter, Nicky Henson and Julia Foster star). 12:45 am Appointment With Fear: "O - The Winged Serpent" (Michael Moriarty and David Carradine star). 2:30 Jobfinder.

RADIO

(Stereo on FM)

BBC RADIO 2

6:05 am David Jacobs. 8:05 Sounds of the 60s with Simon Dee. 10:00 Michael Aspel. 12:00 Gerald Harper. 1:00 pm The News Huddlines. 1:30 Sport on 2 including Football; Rugby League (Silk Cut Challenge Cup Final: Wigan v Halifax at Wembley); Rugby Union: (John Player Cup Final: Bristol v Harlequins at Twickenham); Racing from Newmarket; Cricket (Worcestershire v Nottinghamshire and Leicestershire v Northamptonshire); Snooker (Semi-final of the World Professional Championship); 6:00 Sports Report. 6:30 Tunes the Buskers Whistled... 6:30 Ackers Away (Acker Bilk and his Paramount Jazz Band with Fred Wedlock). 7:00 Pop Score. 7:30 String Sound. 8:00 Eurovision Song Contest (Simultaneous broadcast with BBC1). 11:05 Martin Kelner. 1:00 pm Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am Morning Concert (7:30 News). 8:30 News. 8:35 Three Baroque Concertos. 9:15 The Week on 3 (Elaine Padmore previews the Radio 3 week). 9:30 Saturday Review. 1:00 pm News. 1:05 Taking Issue. 1:20 Johann Christian Bach. A quintet, two canzonettas and a sextet played by the English Concert directed by Trevor Pinnock (fortepiano), with Nancy Argenta (soprano) and Susan Bickley (mezzo-soprano). 2:15 Janacek concert conducted by Charles Mackerras: Symphonic poem, The Danube; Taras Bulba; (3:05 Interval Reading). 3:10 Glagolitic Mass. 4:00 Albion Ensemble: Irving Fine (Partita), Barber (Summer Music). 4:30 Prizewinner's Progress: Ronan O'Hora (piano): Mozart (Rondo K511), Brahms (2 Rhapsodies Op 79). 5:00 Jazz Record Requests. 5:45 Critics' Forum. 6:35 BBC Singers in Denmark: Vaughan Williams (Three Shakespeare Songs), Sibelius (Rakastava), Bo Holten (Pavane-fantasia). 7:10 The Imperialists. 7:30 BBC Welsh Symphony Orchestra conducted by Mariss Jansons in St David's Hall, Cardiff, part 1: Beethoven (Symphony No 4). 8:10 Lies for Hire (Welsh verse). 8:30 Concert, part 2: Brahms (Symphony No 4). 9:15 Australian Short Stories. 9:30 Yvette Guilbert: Mary King performs satirical songs by the celebrated diva of fin-de-siecle Parisian cabaret, to words by Paul de Kock. 10:00 Percussion 88: Nexus play music by John Cage and Takemitsu, a quartet of their own and African music arranged by themselves. 11:00 Bracknell Jazz Festival: Jazz Warriors. 12:00 News. 12:05-12:10 am Wolf 88: Old Baer sings Peregrina II.

BBC RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport on 4 with Cliff Morgan. 9:30 Breakaway. 10:00 News: Loose Ends hosted by Ned Sherrin. 11:00 News: The Week in Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm The News Quiz (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News: Second Edition. 2:47 Treasure Islands. 3:00 News; Something to be Spared (s). 4:30 Science on 4. 5:00 Turbulent Priests (2) The Rev Dr Tim LaHaye, President of the American Coalition for Traditional Values. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather.

6:00 News, including Sports Round-Up. 6:25 Citizens (s). 7:00 Stop the Week with Robert Robinson (s). 7:45 Saturday Night Theatre (s). 9:15 Music in Mind (s). 9:59 Ten to Ten (s). 9:59 Weather. 10.00 News. 10:15 The Saturday Feature: 'Indian Airs' (s). 10:45 A Sideways Look at... by Anthony Smith. 11:00 Saturday Night Fry (s). 11:30 Live on Arrival (s). 12:00-12:30 am News.

Malcolm McDowell in the 1960s' film satire If, about the struggles within British society. Channel 4: 9 pm

SUNDAY

†Indicates programme in black and white

BBC1

8:55 am Play School. 9:15 Articles of Faith. 9:30 This is the Day. 10:00 What on Earth..? 10:25 Business Matters: 'Sloan's Rangers'. 10:50 A Life of Our Own. 11:15 Greek Language and People. 11:40 In the Know. 11:50 British Sign Language - A Beginner's Guide. 12:05 pm Sign Extra.

12:35 Farming. 12:58 Weather for farmers. 1:00 This Week, Next Week. 2:00 EastEnders. 3:00 Film: "Tiara Tahiti" starring John Mills and James Mason. 4:40 The Pink Panther Show. 5:00 The Cruise. 5:50 The Animals Roadshow. 6:25 News. 6:40 Praise Be. 7:15 A Question of Entertainment. 7:45 Dear John.

8:15 One by One. 9:05 News. 9:20 That's Life. 10:05 Everyman: God's Own Country. 10:55 Rockschool. 11:20 Network East.

BBC2

1:10 pm Horizon: 'The Transplanted Brain'. 2:00 Rugby Special. 2:50 Sunday Grandstand, including 3:05 World Snooker: 4:00 Motor Racing (San Marino Grand Prix from Imola); 5:00 Cricket (Refuge Assurance League - Worcestershire v Nottinghamshire from Worcester); 6:30 Rugby League (Action from yesterday's final between Halifax and Wigan).

6:40 The Money Programme. 7:15 Reyner Banham Loves Los Angeles. 8:10 Young Musician of the Year. 10:20 Snooker: coverage of Frames 9-16 in the Final of the World Professional Snooker Championship. 12:00-12:40 am Grand Prix (Highlights of the San Marino Grand Prix).

LONDON

6:00 am TV-am Breakfast Programme. 9:25 The Big Match. 10:25 Cartoon Time. 10:30 Get Fresh Sunday. 11:00 Morning Worship. 12:00 Weekend World. 1:00 pm LWT News and Weather. 1:05 Police 5. 1:15 LWT Action. 1:20 Link. 1:35 The Smurfs. 2:00 My God. 2:30 "The Sons of Katie Elder" starring John Wayne, Dean Martin and Michael Anderson Jr. 4:45 Cartoon Time.

5:00 The Survival Factor. 5:30 Jimmy's. 6:00 All Clued Up. 6:30 ITN News. 6:35 LWT News. 6:40 Highway. 7:15 Family Fortunes. 7:45 Gentlemen and Players. 8:45 Hooperman. 9:15 ITN News. 9:25 LWT Weather. 9:30 Troubles. 11:30 The Making of Modern London. 12:00 Night Heat. 1:00-3:00 Night Network.

CHANNEL 4

9:25 am Teesra Kinara. 10:00 The World This Week. 11:00 Tree House. 11:30 The Waltons. 12:30 pm East of the Moon. 1:00 Superchamps. 11:30 Lost in Space. 12:30 "One Heavenly Night" starring Evelyn Laye. 3:55 Goldframe. 4:00 The Story of Fashion.

6:10 News Summary. 6:15 The Business Programme. 6:00 Speedo Fast Water Swim Meet. 7:15 Land of the Eastern Borders. 8:15 Blast from the Past. 10:00 "Alice's Restaurant" starring Arlo Guthrie. 12:05 am "Hour of the Furnaces".

S4C WALES

9:00 am Hafoc. 10:00 The World This Week. 11:00 Tree House. 11:30 The Waltons. 12:30 pm "Witness of the Long March". 1:00 1968 - Power to the Imagination. 2:05 Feature Film: "The Adventures of Baron Muenchhausen". 4:15 A Prospect of Rivers. 5:15 The Business Programme. 6:00 Speedo Fast Water Meet.

7:15 Dart Dag. 7:20 Newyddion. 7:30 Cadwyn Cerdd. 8:00 Pobol Y Cwm. 8:30 Dechrau Canu, Dechrau Canmol. 9:00 Hel Straeon. 9:30 Snwcer. 10:00 Blast from the Past.

IBA Regions as London except at the following times:

ANGLIA

9:25 am Sunday with Get Fresh, Porky and Daffy. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh. 10:30 Follyfoot. 1:00 pm Link. 1:15 Emergency 999. 1:20 Anglia News. 1:25 Weather Trends. 1:30 Farming Diary. 6:35 Anglia News. 11:30 'V'. 12:30 am Sledgehammer.

BORDER

9:25 am Sunday with Get Fresh: Porky and Daffy. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 10:30 Follyfoot. 1:00 pm Farming Outlook. 1:30 Border News. 1:35 Cartoon Time. 1:40 Link. 11:30 Living and Growing for Adults.

CENTRAL

9:25 am Cartoon Time. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh. 10:30 Follyfoot. 1:00 pm Central News followed by Central Post. 1:15 Link. 1:30 Here and Now. 2:00 "Scavenger Hunt" starring Richard Benjamin, James Coco and Scatman Crothers. 4:30 Jimmy's. 5:30 Highway To Heaven. 6:35 Central News. 11:30 Prisoner: Cell Block H. 12:30 am Donahue. 11:25 California Drive In: "Dodsworth" starring Walter Huston. 3:15 Off the Wall. 4:15 Central Jobfinder '88.

CHANNEL

9:25 am Today's Weather. 9:28 Starting Point. 9:35 Adventures of Teddy Ruxpin. 10:00 Get Fresh. 10:30 Follyfoot. 1:00 pm Link. 1:15 Les Francais Chez-Vous. 1:30 Farm Focus. 11:30 Quincy. 12:30 am Throb, followed by ITN News Headlines.

GRAMPIAN

9:25 am Cartoon. 9:35 Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 10:30 Follyfoot. 11:00 America's Top Ten. 11:30 A Personal View (Rev Frank Topping). 1:00 pm Farming Outlook. 1:30 Cartoon. 1:40 Link. 2:00 Highway to Heaven. 3:30 In Loving Memory. 4:00 The Survival Factor. 4:30 Jimmy's. 5:00 Scotsport. 11:30 Living and Growing for Adults. 12:00 Reflections.

GRANADA

9:25 am Sunday with Get Fresh, Cartoon. 9:35 Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 10:30 Follyfoot. 1:00 pm Members Only. 1:05 Action Point: This is Your Right. 1:25 Aap Kaa Hak. 1:40 Link. 2:30 Sunday Matinee: "Bhowani Junction". 4:30 Jimmy's 5:00 The Survival Factor. 5:30 Highway To Heaven. 11:30 Prisoner: Cell Block H, followed by ITN News Headlines. 12:30 am Donahue followed by ITN News Headlines. 1:25 The Hollywood Movie: "Dodsworth".

HTV

9:25 am Cartoon Time. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 10:30 Follyfoot. 1:00 pm HTV News. 1:05 Farming Wales followed by Weather for Farmers. 1:15 Cartoon Time. 1:45 Link. 6:30 HTV News. 11:30 The Silk Road.

HTV Wales

As HTV except:2:00-2:30 pm Wales on Sunday.

SCOTTISH

9:25 am Sunday with Get Fresh. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh. 10:30 Follyfoot. 11:00 Sunday Service. 11:30 Farming Outlook. 1:00 pm The Glen Michael Cavalcade. 1:40 Link. 2:00 Come Wind, Come Weather. 2:30 Film: "Mystery Island". 3:55 Cartoon. 4:00 The Survival Factor. 4:30 Jimmy's. 5:00 Scotsport. 11:30 Living and Growing for Adults. 12:00 Scottish Books. 12:30 am Donahue, followed by ITN News Headlines. 11:25 Film: "Dodsworth" starring Walter Huston. 3:15 Off the Wall. 4:15 Jobfinder.

TSW

9:25 am Sunday with Get Fresh including Porky and Daffy. 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 10:30 Gardens for All. 1:00 pm Farming News. 1:30 Action South West. 1:40 Link. 5:30 A.L.F. 6:25 Today News. 11:30 Kojak. 12:25 am Sunday Review.

TVS

9:25 am Sunday with Get Fresh followed by Cartoon Time: Porky and Daffy. 9:35 Adventures of Teddy Ruxpin. 10:00 Get Fresh. 10:30 Follyfoot. 1:00 pm TVS News. 1:05 Link. 1:20 Action! 1:30 Farm Focus. 1:57 TVS Weather and Farming Weather. 11:30 Quincy. 12:30 am Throb followed by ITN News Headlines. 1:00 The Fifth Annual American Video Awards. 2:30 Polecats followed by ITN News Headlines. 3:00 Company.

TYNE TEES

9:25 am Hello Sunday. 9:35 The Adventures of Teddy Ruxpin. 10:00 Sunday with Get Fresh. 10:30 Follyfoot. 1:00 pm Farming Outlook. 1:30 Regional News. 1:40 Link. 1:50 Cartoon Time. 5:30 Highway to Heaven. 6:35 Regional News. 11:30 Living and Growing for Adults. 12:00 Moat Brothers Country Band sing "Try a Little Kindness" and "Why Me Lord" 12:10 am Jobfinder.

YORKSHIRE

9:25 am Cartoon Time (Porky and Daffy). 9:35 The Adventures of Teddy Ruxpin. 10:00 Get Fresh Sunday. 10:30 Follyfoot. 1:00 pm Five Minutes. 1:05 Cartoon Time. 1:10 Link. 1:25 Farming Diary, followed by Farming and Inshore Weather. 11:30 Blackie's Magic. 12:35 am Jobfinder.

RADIO

Stereo on FM

BBC RADIO 2

7:30 am Paul Jones says 'Good Morning Sunday'. 9:05 Melodies For You. 11:00 Desmond Carrington with your Radio 2 All-Time Greats. 2:00 pm Stuart Hall's Sunday Sport (Medium Wave only) including Motor Racing (San Marino Grand Prix, Italy); Motorcycling (Grand Prix at Estoril, Portugal); Snooker (Final of the Embassy World Professional Championship from Sheffield) and Cricket (Refuge Assurance Sunday League).

2:00 Benny Green (FM only). 3:00 Alan Dell with Sounds Easy (FM only). 4:00 Kenneth McKellar Sings a Song for Everyone (FM only). 4:30 Sing Something Simple (FM only).

5:30 Charlie Chester with your Sunday Soapbox. 7:35 John Lawrenson Collection. 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs from the Shows. 10:45 Kenneth Lewis at the Piano. 11:00 Peter Clayton with 'Sounds of Jazz'. 1:00 am Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am From Monteverdi to Mozart. 7:30 News. 7:35 Campoli in Concert: Mendelssohn (Violin Concerto in E minor - mono), Saint-Saens (Violin Concerto No 3). 8:30 News. 8:35 Your Concert Choice. 10:30 A Knowledge Easily Taught. 11:15 Music from Scandinavia. 12:20 pm Words with Raymond Tallis, Professor of Geriatric Medicine at Manchester University. 12:25 Jill Gomez and Graham Johnson: Last Monday's Lunchtime recital of songs by Schubert, Britten and Gerhard. 1:25 Writers Talking: Mavis Gallant in conversation with Paul Bailey. 1:55 Beethoven Arrangements: Piano Trio in E flat Op 38 (arranged from the Septet Op 20) played by the Raphael Trio. 2:45 Chicago Symphony Orchestra: Haydn (Symphony No 102), Harris (Symphony No 3), Prokofiev (Romeo and Juliet: excerpts). 4:30 Celebrity Recital by Shura Cherkassky (piano): Lully (Suite in E minor), Schumann (Carnaval Op 9); (5:15 Interval Reading) 5:20 Franck (Prelude, Chorale and Fugue), Hofmann (Kaleidoskop), Chopin (Nocturn Op 48 No 1, Barcarolle, Scherzo Op 31). 6:20 Crisis at Hanging Rock: Philip French looks at the state of Australian cinema. 7:20 Bavarian Radio Symphony Orchestra. Colin Davis conducts Mozart (Serenata notturna K239; record) and Vaughan Williams (Symphony No 6). 8:15 The Decision (Die Massnahme) First broadcast of Brecht and Eisler's teaching piece, performed in John Willett's English version. 9:15 Liszt and the Piano: Leslie Howard plays the 'Harmonies poetiques et religieuses'. 10:30 Choral Evensong. 11:30 Maggie Teyte: Duparc, Paladilhe, Schumann, Hahn, Berlioz. 12:00-12:05 am News.

BBC RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 The Living World. 7:40 Sunday including 7.55 Weather 8.00 News 8.10 Sunday Papers. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 The Ugly Man (s). 3:30 Revolutions in Sound (s). 4:00 The Myth of an American National Theatre. 4:47 A Place of Your Own. 5:00 News; Down Your Way.

5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback: Chris Dunkley airs viewers' comments about BBC programmes and policy. 6:30 International Assignment. 7:00 News: The Best of Times - The Worst of Times. 7:40 Musical Landscapes (s). 8:00 Bookshelf. 8:30 Talk of the Town, Talk of the Country (s). 9:00 News; Fine Arts Brass play a selection of music (s). 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 Soundtrack (s). 11:00 In Committee. 11:30 Seeds of Faith (s). 11:45 Before the Ending of the Day (s). 12:00-12:30 am News.